

Date: 10/08/2020

To,
 The BSE Limited,
 25th Floor, Phiroze Jeejeebhoy Towers,
 Dalal Street,
 Mumbai – 400 001

Dear Sir,

Sub: Disclosure of material impact of COVID-19 pandemic on Tulsyann NEC Limited (the Company) pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Ref.: BSE SCRIP CODE: 513629 -Tulsyann NEC Limited

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020, we hereby disclose below, the material impact of COVID-19 pandemic on the operations and performance of the Company:

1) Impact of COVID-19 pandemic on the business operations – Short Term / Long Term

a) Steel Division:

Short Term Impact:

- Steel production was suspended from 25th March 2020 and was restarted on 8th May 2020.
- The demand currently is low though the prices are reasonable.
- Currently we are restricting the production of TMT to the extent of our own Billet capacity. This though reduces the turnover, improves the cash flow position as the 5% cut back on the turnover is not remitted to the bank.
- Using the lockdown period, preventive and periodical maintenance was carried out at the factory.
- During the shutdown, we ensured that the migrant labours are comfortable and thus retained them with us despite the exodus elsewhere. This will ensure labours availability for future.
- Average Production of TMT per month upto Q3 11244 Tons Q4 10342 reduction of around 8% in production.
- Average Production of Billet per month upto Q3 9759 Tons Q4 8948 reduction of around 9% in production.
- Reduction in Job work from 1927 MTs average per month to 1509 MTs per month.

Long Term Impact:

- We have developed and are launching new product “Chrome” which is high corrosion resistant material. The material will be 8 times stronger than the regular TMT in respect of corrosion/ oxidation.
- The steel demand is likely to improve or at least stabilise with the Government increasing the spending on the infrastructure and offering various facilities.

Registered Office: Apex Plaza, 1st Floor, No.3, Nungambakkam High Road, Chennai - 600 034. Tamil Nadu.
 Ph : +91 44 6199 1060 / 6199 1045, Fax : +91 44 6199 1066 | Email : info@tulsyannec.in | www.tulsyannec.in
 GSTIN 33AABCT3720E1ZW | CIN L28920TN1947PLC007437



- Construction activity also likely to improve with various IT incentives after the lockdown.
- Prices also are likely to stabilise and some of the main steel manufacturers have already increased the prices.

b) Power Division:

Short Term Impact:

- The power plants were shut down from 24/03/2020 to 07/05/2020.
- Though there was an exemption from closure of power plant, we had to close the unit as the user/ customers had closed their respective factories. Restarting was based on our own consumption followed by demand from other customers.
- The first Turbine/ Generator was restarted on 09/05/2020 and the second Turbine/ Generator was started on 02/07/2020 respectively.
- Power Production upto Q3 370.85 Lac units per month and Q4 354.61 Lac units per month.
- During the lockdown, some maintenance work was under taken to improve the performance.
- Rs 392 Lacs was paid as demurrage due to lockdown for the vessel that had arrived just before the lockdown. Though the government had provided the relaxations such benefits were not passed on to us by the authorities. We are contemplating legal recourse.

Long Term Impact:

- The demand for power is likely to increase after the COVID-19 lockdown are lifted and will remain so thereafter.
- Tamil Nadu, which did not increase the power tariff for more than 3 years now may not be able to sustain and thus is likely to increase the industrial tariff anytime soon. Such increase will give an opportunity to increase the tariff and will lead to improved profitability.
- The coal prices have softened and are likely to remain so for atleast 1 or 2 years in tandem with the Crude prices. This will enhance the profitability of the power division.
- Electricity Policy is under review and more positive changes are expected to benefit the sector.

c) Synthetic Division:

Short Term Impact:

- The factory was closed on 25th March, 2020 and was reopened on 13th April, 2020 as our operations were considered essential on account of being a packing material manufacturer for use in packing food grains.
- Food Grain sacks are one of the good margin products but are seasonal in their demand. We were able to capture the demand and supply these even during lockdown.
- Since we got the permission to operate, we paid reduced wages to workmen and also to the staff to limit the losses.
- Reduction in Production in synthetic division from 606 Tons per month to 574 Tons per month and reduction in the average price reduction.

Long Term Impact:

- Post lock down and re-opening of the economy, the demand and the prices are good.

- We have entered into an arrangement with the Labour union for a partial lay off and also have offered a VRS to reduce high cost labour.
- The demand being good and the prices being reasonable, the prospects of the division are good.
- The export demand is also good as buyers across the world are looking for competent manufacturers from India to replace their existing Chinese suppliers.
- An investment of about Rs.10 Crores on the machinery will substantially improve the prospect of the unit.

2) Steps taken by the Company to overcome the losses suffered due to shutdowns

- a) Shutdown was partial in respect of all our facilities and the losses of profit and the losses on account of admin overhead were the main losses.
- b) We used the lockdown period to undertake preventive maintenance tasks. This will save the time in future when such maintenance tasks were to be undertaken.
- c) We have re-worked our strategies in production to conserve the cash flow as cash flow will be a major factor in future in success of any business.
- d) Non-operational activities relating to the Company continued to be performed by the employees who were provided work from home facility.

3) Steps taken to ensure smooth functioning of the operations

Company have arranged transport from home to work place and return, regular sanitization of work place and transport vehicles, providing masks and other protective gears, thermal scanning, providing hand sanitizers, advising regular hand washing, maintain social distancing in place of work, canteens and offices amongst others.

4) Impact on Profitability and Liquidity Position

The Company's profitability and liquidity position has been impacted badly due to low level of operations in view of lockdown restrictions.

The revenue and EBIDTA for Q1 of FY 2020-21 is expected to be impacted due to this situation. Given the restriction in operations and the movement of migrant labour, it may continue to impact the operations in Q2 & Q3 of FY 2020-21.

We would be thankful if you could take the same on your record.

Thanking you,

Yours faithfully,
 For **Tulsyan NEC Limited**



Parvati Soni
Company Secretary & Compliance Officer