To
National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E)
Mumbai – 400 051

Date 10/07/2020


Symbol- TEMBO
Ref.: SEBI/HO/CED/CMD1/CIRP/P/2020/84

Pursuant to Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and SEBI Circular Number SEBI/HO/CFD/CMD1/CIR/P/2020/84 issued on May 20, 2020, we would like to inform that we being the Manufacturing Company dealing in manufacturing of Pipe hangers
Please find enclosed herewith the disclosure of material Impact of COVID-19 Pandemic on the operation and performance of the Company.

Kindly take the same on your record.

Thanking You,

Yours faithfully,

For Tembo Global Industries Limited

Mr. Sanjay Jashodhrai Patel
Managing Director
MATERIAL IMPACT OF COVID-19 PANDEMIC ON OPERATIONS AND PERFORMANCE OF THE COMPANY

1. Impact of CoVID-19 pandemic on the Business:

The Company’s Corporate Office at Navi-Mumbai location was closed since 23rd March, 2020 and the necessitated employees for working from home as and when the work requirement occurs. Work from Home policy was issued and the requirement for filing Company Affirmation of Readiness towards COVID-19 with ROC- Mumbai was completed on 23rd March, 2020

While Company’s Factory at Mumbai location including Registered Office was closed w.e.f. 23rd March, 2020 till Mid May, 2020. As we were covered under manufacturing Pipe hangers, we got the permission on 5th May, 2020 from MIDC to start operation partially keeping in mind the guidelines issued by Central Government.

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

i. We the operation of our factory located at Vasai and our capacity utilization is approx 25%. We are observing full compliance to the conditions of operations stipulated to avoid spreading of virus; like installation of Sanitizer booth, avialation of Hand Sanitizer and mask for employees and temperature checking device.

ii. We did not faced any migrant labour issues as most of our labour are from nearby location;

iii. Domestic dispatches in few territories were resumed. The domestic transport improved gradually as and when the Central government eased the Lockdown rules;
iv. We resumed working of Registered Office subject to maintaining Social Distancing and other safety measures.

3. Schedule, if any, for restarting the operations:
We resumed working at Factory unit as schedule below:
- April, 2020 – 100% operation was shutdown
- Mid May- operation was resumed at 10% Capacity
- June- operation resumption increase to 45% Capacity
We are currently working in with approx 60% of total labour on daily basis (Sunday holiday) at Vasai location from 1st July, 2020 after obtaining requisite approval from the concerned authorities.

We resumed working at Registered office as schedule below:
- April, 2020 – 100% operation was shutdown
- Mid May- operation was resumed at 6% Capacity
- June- operation resumption increase to 15% Capacity
From July 3rd till July 13th the Navi Mumbai residential area is under complete Lockdown, due to this the staff residing in Navi Mumbai are unable to attend office.
We are currently working in with approx 10% of total office staff on daily basis (Sunday holiday) at Navi Mumbai location from July 3rd, 2020 after obtaining requisite approval from the concerned authorities as MIDC area at which our office is situated is not under complete lockdown

4. Steps taken to ensure smooth functioning of operations:

i. We are taking necessary preventive measures like social distancing, temperature testing, providing masks and sanitization facility to all workers etc. to avoid spreading of CoVID-19;

ii. Most of our labours are from near locations, we were not facing any issue of migrant labour.
iii. We had sufficient stock of Raw Materials to resume production on 25% Capacity at the initial period. But as and when the Lockdown was lifted in entire India the situation improved and we received our frequently used Raw Material.

iv. However there was increase in price of Logistics:-

   a) due to change in terms of credit, as the payment in the recent situation have to be done in advance.
   b) Increase in road transfer price upto 47%
   c) Increase in freight rate for about 80%.

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

It is very early to assess the future impact of COVID-19 with reasonable certainty. However, we are getting order booking from the market and also started few dispatches. With the opening of domestic market post lockdown, we expect business to improve gradually. We estimate that business will start improving from 2nd quarter of FY21 and we can expect normal business from 3rd quarter of FY21 onwards.

6. Details of impact of CoVID-19 on the Company:

CAPITAL & FINANCIAL RESOURCES:

Rotational working capital was severely impacted due to Pandemic, at the same time liberalized RBI & Government policy helped to maintain financial resources at Par by facilitating Moratorium for existing loans, as well as facilitating Covid–Loan for Working capital requirements.
PROFITABILITY:

Quarterly profitability suffered drastically as operations were closed. Profitability impacted in the short term due to the corona virus outbreak as input costs have risen on account of commodity price volatility and supply constraints during the pandemic and subsequent lockdown. It was difficult to assess the exact quantum at this stage.

LIQUIDITY POSITION:

Incremental operating costs had adversely affected Liquidity Position. The company has taken adequate measures to "control costs, to conserve cash and to address any evolving situation resulting from the pandemic.

With Banks extending support on financial front by way of financial assistance has helped to recover Quarter 1 position in terms of liquidity.

ABILITY TO SERVICE DEBT AND OTHER FINANCIAL ARRANGEMENTS:

It was made easier by availment of Moratorium for payment of due installments along with Extended Moratorium.

Also with the extended facility of Bill Discounting has given us ease, but faced crunch in Financial arrangements as owned funds and debtors receivable were blocked.

ASSETS:

No further addition was done due to locked Logistics & Transport

INTERNAL FINANCIAL REPORTING & CONTROL:

Were satisfactory due to ease and Extended due dates given by Government of India.

SUPPLY CHAIN:

The stock of frequently use Raw Material was effected due to Logistics & Transport facilities were Lockdown in entire India. However major supply chain are expected to normalize post lockdown
DEMAND FOR PRODUCTS/ SERVICES:

There was Capital overburden and increase in stock of Finished goods as there was delay in order delivery. 30% of New Order was cancelled and inward payment was effected. However, export demand expected to improve post lockdown.

EXISTING CONTRACTS/AGREEMENTS WHERE NON-FULFILLMENT OF THE OBLIGATIONS BY ANY PARTY WILL HAVE SIGNIFICANT IMPACT ON THE COMPANY’S BUSINESS:

We have no such contract which has significant impact on the Company.

Kindly take note of the above.

Thanking you,

Yours faithfully,
For Tembo Global Industries Limited.

Mr. Sanjay Jashbhai Patel
Managing Director