



Enriching Lives

KIRLOSKAR OIL ENGINES LIMITED

A Kirloskar Group Company

Date: 27 May 2020

BSE Scrip Code: **533293**

NSE Scrip Code: **KIRLOSENG**

To
Corporate Relationship Department
BSE Limited
1st Floor, Rotunda Building,
Dalal Street, Fort,
Mumbai – 400 001

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

Dear Sir/Madam,

In continuation to our earlier communication vide letters dated 23 March 2020, 26 March 2020, 14 April 2020, 22 April 2020, 27 April 2020, 28 April 2020, 4 May 2020, 9 May 2020, 15 May 2020 and 18 May 2020, pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) 2015 read with SEBI circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20 May 2020, please find enclosed herewith disclosure of material impact of COVID-19 pandemic on the business operations of the Company.

You are requested to take the same on your record.

Thanking you,

Yours faithfully,
For Kirloskar Oil Engines Limited

Smita Raichurkar
Company Secretary

Encl.: As above.



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DISCLOSURE REGARDING OUR ASSESSMENT OF IMPACT OF COVID-19 PANDEMIC ON BUSINESS OPERATIONS OF THE COMPANY

The COVID-19 outbreak continues to spread rapidly in India and across the globe. The extent to which the COVID-19 pandemic will impact the business and financial performance of the Company (including its subsidiaries) will depend on future developments, which are highly uncertain and unpredictable.

Since the gradual easing of the lockdown from April 15, 2020, and in line with the various directives of the Government, the Company's plants have commenced operations in a phased manner. As of today, partial operations have resumed at all our manufacturing sites of the Company and some places of business of its subsidiary company with lower operational capacity.

At the time of commencement of partial operations, the Company has put in place Standard Operating Procedures (SOPs) based on the guidelines issued by the Government(s) to be followed by every person entering and/or operating from the premises of the Company. The offices of the Company (including its subsidiaries) continue to remain closed. To ensure the safety and well-being of the employees, the Company has been taking all recommended precautions against COVID-19.

The customers, vendors and other stakeholders of the Company have been communicated about the measures taken by the Company through e-mails before commencing the production operations at its Kagal plant.

Due to COVID-19 linked disruption, business conditions are challenging in the near term. Many of the end user industries of our products are also impacted by this pandemic induced crisis. As a result, our customers are unable to predict their requirements for the financial year 2020-21. We are continually engaging with our customers and keeping a very close watch on the developments across all our businesses. The Company has, taken several cost-cutting measures to sustain the operations and to optimise the allocation and use of its financial resources with an objective to lower the Break Even Point and protect profitability.

As announced by the government most parts of the Country are to remain under lockdown till 31 May 2020. This might lead to continued supply chain bottlenecks, non-availability of necessary contract workers, and disruption in transportation goods in the short term. As of now we anticipate some impact on raw material availability, logistics, labour and other elements of supply chain in the near term but not significant enough to affect operations in a material manner.



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We continue to remain committed on leveraging technology in our endeavour to offer best-in-class product and service experience to our customers and pursue the digitalisation drive in the company even during these difficult times.

Currently, no major impact on the assets of the Company is envisaged and the Company will comfortably be able to service its business commitments and other statutory financial obligations. Further, the Company has adequate liquidity and reserves to withstand the current situation. That said, the negative effect of Covid-19 cannot be ruled out completely and the Company anticipates its net sales and profitability to contract during the first half of FY 2020-21 but the level of same cannot be ascertained and predicted at this point of time.

The Company has robust ERP (Oracle) and other IT systems in place and all its locations are well networked. Even during the lockdown with critical staff working from home, all reporting systems worked seamlessly without any major disruption. As such we believe there is strong the internal financial control over financial reporting and risk assessment & mitigation procedures.

The Company endeavours to perform its duties as agreed in various executed operational contracts / agreements. Currently, the Company does not see any failure in performance by the Company of its obligations envisaged in contract / agreement entered into by it which may have material effect.

Given the global nature of the COVID-19 pandemic, and the uncertainty around the severity and duration of the impact across multiple markets and its impact is rapidly evolving in India, the management of the Company is not in a position to accurately assess the impact of this on future financial performance at this point of time. Moreover, the detailed impact assessment of COVID-19 on the business of the Company is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to closely monitor the developments and the material impact, if any, will be disclosed from time to time.

For Kirloskar Oil Engines Limited

Sanjeev Nimkar
Managing Director