



August 1, 2020

To

**The Secretary
BSE Limited
PJ Towers, Dalal Street
Mumbai: 400 001**

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

Company Scrip Code: 500411

Company Scrip Code: THERMAX EQ

Sub: Update relation to impact of COVID 19 pandemic on operations of the company

Ref: SEBI Advisory vide Circular No. SEBI/HO/CFD/CMDI/CIR/P/2020/84 dated May 20, 2020

Pursuant to Regulations 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), and amendments thereto, read with SEBI Circular No. SEBI/HO/CFD/CMDI/CIR/P/2020/84 dated 20th May, 2020, an update relating to the impact of the COVID-19 pandemic and the resultant lockdown, on the operations of the Company and the current status is attached.

You are requested to take the same on record.

Thanking you,

Yours faithfully,
For **THERMAX LIMITED**,

Sd/-

**Kedar P. Phadke
Company Secretary
Membership No: F3349**

Note:

As permitted, this letter is being submitted under Sd/- mode due to work from home as per the Government advisory on Covid-19 and as a part of safety measure.



COVID-19 Pandemic Situation - Update on Operations

1. Impact of COVID-19 pandemic on the business

Government of India declared a national lockdown on March 24, 2020. The first lockdown and subsequent lockdowns have significantly impacted the business operation of the company, by way of interruption in production, supply chain disruption, unavailability of personnel, closure / lock down of production facilities etc. Manufacturing operations across the 10 facilities in India were suspended at the start of the pandemic and later resumed in line with the Government directives and adherence to Standard Operating Procedures (SOPs). The four facilities abroad operated at a considerably scaled-down pace. As an input provider to essential services, our three chemical factories were the first to receive permission to restart manufacturing. Our engineering manufacturing facilities received permission to reopen progressively from early May, with stringent restrictions on personnel deployment. This disruption has pulled down our revenue and impacted our profits for the current quarter as well as last year. The economic setback on account of Covid-19, negative customer sentiments and the dip in demand has led to reduction in our new order pipeline. Capital investment in the 'essential goods' category, mainly in sectors like Pharmaceuticals, Food, Chemicals etc. ,are showing signs of revival. Management is monitoring the situation closely and operations are being resumed in a phased manner considering directives from the Government.

We have taken multiple initiatives, including work-from home, and have conceived and implemented a comprehensive compliant operating system applicable for our entire workforce, keeping in mind that human safety deserves primacy above output and productivity. The virus will affect consumer and investor sentiments for a year or two and is likely to have a negative impact on the company's performance in the next fiscal, since larger project order booking will be hampered during the crisis period.

2. Ability to maintain operations including the factories/units/office spaces functioning and closed down and Schedule, if any, for restarting the operations

In-line with the Government's safety and security norms for Covid-19, all the manufacturing units and the corporate/administrative offices were shut completely during the lockdown. However, for various administrative and managerial functions, Company had adopted 'work from home' policy during lockdown. Even after lockdown has eased, considering high rate of cases in Maharashtra and Gujarat States offices and plants were running with minimum capacity and rest of the employees are working from Home. The Company's plant at Sricity at Andhra Pradesh are also operating at lower capacity.



Based on the Maharashtra government guidelines in past week, the company had to shut its offices in Pune and also decided to temporarily shut its factory at Chinchwad, the operations wherein started from Monday 20th July 2020.

3. Steps taken to ensure smooth functioning of operations;

After the lockdown has lifted, the Company has started re-opening its units across all locations after following due safety protocols issued by state and central governments. Staffs were provided laptops and technical support to work from home. Manufacturing activities have started at all the facilities. However, production schedule has been at lower side. Production ramp-up will depend upon customers' demand and availability of inventories and skilled workers, which it seems, will happen when the economic activities will gain momentum after the COVID crisis eases. Currently, it is expected that the production would continue to be at lower than normal. The Registered and Corporate office at Pune is functioning normally though with limited staff working from office in rotation in the initial phase. Rest of the staffs are working from Home. The company is taking required steps as situation warrants in each of its work locations to minimise impact to its people and operations.

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

The management is taking continuous efforts to minimize efforts to the operations in India and abroad during this time. However, as the situation is dynamic with varying impact on different states and measures taken by said state governments, it is difficult to be sure of the final impact.

5. Details of impact of COVID-19 on listed entity:

a. Capital and financial resources

The Company has taken steps to ensure adequacy of financial resources and presently, Company has adequate capital and financial resources to run its business.

b. Profitability

The Company has disclosed its Q4 FY19-20 results approved by the Board of Directors which included impact for said quarter. The Company anticipates impact to its profitability further to impact of closure of operations for certain period during the financial year FY20-21 and will disclose same as per reporting requirements of SEBI as applicable.



c. Liquidity Position

The Company currently has adequate financial resources in terms of liquid investments and borrowing limits unutilized with banks to tide through for current period. The cash balances available as of 31/3/20 is disclosed in financial results of the Company. The further impact of pandemic to economy and operations of Company will determine the further course of action.

d. Ability to service debt and other financing arrangements

The Company has only short-term debt outstanding (standalone books) as of 31/3/20 and is confident of discharging them in due course.

e. Assets

The impact to various assets of the Company as of 31/3/20 has been taken into account and disclosed in its financial results for Q4 and FY 19-20 on 18th July 2020 to Stock Exchanges. The further impact for subsequent periods if any will be disclosed in due results to be finalized.

f. Internal financial reporting and control

The company has regular internal financial reporting process and controls which are running efficiently through the use of technology. The company has made modifications to its controls for revised operating scenario and does not anticipate any material impact to internal financial reporting.

g. Supply chain

The company has assessed impact to its various supply chain partners and believes there would be no major adverse impact as on date due to same.

h. demand for its products/services;

The demand for product and services of the company depends on good economic growth across industry sectors, which in current times is impacted in some sectors. The company is executing its carry forward orders and is also seeing demand in sectors not impacted. The company is hopeful of a revival across all sectors post re-opening of economic activities commenced and government measures in this regard.



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

The company has assessed impact on above matter and is confident of no major adverse impact as on date due to same.

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

The Company is regular in updating the Stock Exchanges about any material update of its business and will continue the same whenever there would be any material change