

ISMT/SEC/20-21

July 31, 2020

Listing Department  
**BSE Ltd**  
PJ Towers,  
Dalal Street, Fort,  
Mumbai - 400 001  
Scrip Code: 532479

Listing Department  
**National Stock Exchange of India Ltd**  
Exchange Plaza, Plot No. C/1, G Block,  
BKC, Bandra (E),  
Mumbai - 400 051  
Symbol: ISMTLTD

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

Dear Sirs,

In furtherance to our earlier communication on the captioned subject dt. March 27, 2020, April 29, 2020 and May 6, 2020 read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020, please find enclosed herewith disclosure on impact of COVID-19 pandemic on the Company.

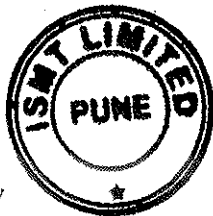
This is for your information and record.

Thanking You,

Yours faithfully,  
For ISMT Limited



Chetan Nathani  
Company Secretary  
Encl.: As above



**DISCLOSURE ON IMPACT OF COVID-19 ON THE COMPANY**

**I. Impact of COVID-19 on business**

- COVID-19 has both short term and long term adverse impact on domestic as well as international businesses of the Company.

**II. Plant Operations**

- Operations at all plants of the Company were suspended from last week of March, 2020 on account of COVID-19 outbreak and subsequent lockdown. However, operations resumed at various locations, in a phased manner from April 28, 2020 after obtaining necessary permissions from the local authorities.
- Operations of Foreign Subsidiaries mainly Structo Hydraulics AB, Sweden (Structo) has also reduced substantially as COVID-19 has affected business operations in Europe/ USA. The operations at Structo have also been shut down/ scaled down over various periods and is being operated as per the local guidelines.
- All Plants of the Company have commenced partial operations with available raw material and inter-plant supplies. However, full scale production has constraints on account of demand-supply chain and logistics issues. There is no shortage of labour for current level of operations. However, for higher level operations we will have to monitor the situation.

**III. Steps taken for smooth functioning of operations**

- Smooth functioning of operations is limited on account of COVID-19 restrictions and other macro/ micro matters. All government guidelines to avoid spread of COVID-19 are being followed. Manufacturing is being done in partial & controlled manner. All possible cost control measures are being exercised.

**IV. Future Impact of COVID-19 on operations**

- There will be an impact on sales in FY2020-21. However, given the all round uncertainty and increasing spread of COVID-19, presently, the same cannot be quantified. Also lot will depend on recovery of Automobile and Oil industry and also industrial economic activities in general.

**V. Impact of COVID-19 on Financial Resources, Profitability, Liquidity etc.**

- COVID-19 will further impact the ability of the Company to raise resources. There will be an impact on EBIDTA for FY2020-21. With a view to reduce overheads, Higher & Middle Grade employees have sacrificed part of their salaries.

(PTO)

- In accordance with the Resolution Plan agreed to, Banks holding about 74 % of the principal debt have assigned their debt to Asset Reconstruction Companies (ARCs) while Banks holding most of the remaining debt are also pursuing the process for assignment of debt to ARCs. Majority of the lenders consisting of both ARCs and banks have signed Inter Creditor Agreement as per the RBI guidelines for restructuring the debt of the Company. However, Debt Restructuring & assignment of further debt could not get concluded due to implementation of countrywide lockdown on account of COVID-19 outbreak and the same materially affects the business prospects and profitability of the Company.
- The Company relies on internal cash flows for meeting its working capital and other requirements. At present, the Company is facing liquidity crunch due to delay in realization of receivables from customers.
- Assets will require higher maintenance on account of prolonged closure due to lockdown.
- The Company has adequate internal financial controls in place to deal with the current scenario. However, financial reporting for the period ended March 31, 2020 got delayed which is being complied with within the extended timelines as prescribed by SEBI.
- COVID-19 has affected both global & domestic supply chains badly & it will take considerable time for normalcy.
- The Company was already suffering on account of economic slowdown & COVID-19 has further compounded the same. We anticipate demand for products to be sluggish for next 3-4 months.

**VI. Contracts where non-fulfillment of obligations by any party will have significant impact**

- The Company may have some impact of customer orders getting cancelled/ delayed. However, the impact may not be significant considering the overall operations of the Company.

You will appreciate that it is not possible to give any reasonable estimate on future impact. However, the Company will keep its stakeholders apprised of the financial impact in its quarterly results as disclosed with the stock exchanges.