



ZF STEERING GEAR (INDIA) LTD.

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Corporate Identity Number (CIN) : L29130PN1981PLC023734



June 3, 2020

BSE Limited
Corporate Relationship Department
Dalal Street, Fort,
MUMBAI - 400 001

Scrip Code: **505163**

Dear Sirs,

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

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 20th May 2020 and further to earlier disclosure on the subject dated March 24, 2020 followed by May 11, 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.

This is for your information and record.

Thank you,

Yours truly,

For **ZF Steering Gear (India) Limited**


Company Secretary

Encl: As above



COVID-19 Pandemic Situation- Update on Operation

A. Impact on the business

ZF STEERING GEAR (INDIA) LIMITED (**the Company**) is mainly engaged in manufacturing and marketing of Automotive Components that is Steering Gear Systems for Commercial Vehicles, Buses, and Tractors etc. The Company also has a business vertical named 'Renewable Energy Segment', which contributes (approx.) 2% to the revenue of the Company.

The unexpected outbreak of Novel Corona Virus (COVID-19), which had a pandemic impact, resulted into an announcement of the nation-wide lockdown, effective March 23, 2020. This led to a halt in economic activities thereby adversely impacting the business operations across the value chain.

The Company's operations were substantially hit from March 23, 2020 till May 10, 2020 (when the lockdown was gradually lifted). Manufacturing facilities, Corporate office and other office of the Company were fully shut during the period.

B. Ability to maintain operations including the factories/units/ offices functioning and closed down

While the Automotive Components segment of the Company got severely impacted, as stated above, the operations of the Renewable Energy Segment largely remained unaffected. Generation of Electricity from the Company's Solar Power Project and the Wind-Mills continued throughout.

C. Schedule, if any, for restarting the operations and steps taken to ensure smooth functioning of operations

With the lifting of the lockdown restrictions, the Company re-opened its two factories after establishing thorough and well-rehearsed safety protocols. Operations have re-commenced gradually in both the manufacturing facilities, with limited number of employees. However, in the short term, it is expected that manufacturing activity will be well below the normal level of production, due to lack of demand. Production will be scaled-up depending upon the monthly schedule of demand from Original Equipment Manufacturers (OEMs), which is very low presently. The Corporate office and other office in Pune are not yet re-opened.



D. Estimation of the future impact of CoVID-19 on its operations

As there was no production and dispatches in almost last two months, there is a certain negative impact on revenue and profitability of the Company. However, it is too early to assess the exact future impact of the Pandemic on the business. The future impact would depend upon gradual opening-up of the economy, restoration of normal supply-chain and most importantly demand coming from the OEMs, which depends upon demand for their products.

E. Impact of COVID-19 on capital and financial resources, profitability, liquidity position, ability to service debt, assets and internal financial reporting and control

While in last 2 months, the Company's operating cash flow was negative due to virtually zero Sales and payment of fixed costs (including timely payment of salary/ wages), the Company does not foresee any major liquidity issues, due to adequate banking limits being in place and in view of some funds parked earlier in financial investments. The Company is witnessing delay in receivable-collection from the customers during this time. Containing discretionary spend, given the prevailing circumstances, continues to be a focus area. Capital investment is also being strictly rationalized, towards protecting long-term strategic objectives.

The Company is not planning, in near future, to raise resources by way of capital or debt.

As the business operations of the Company were shut during the major part of the first Quarter of FY 2020-21 (Q1), revenue and profitability for the Quarter will be significantly impacted, also due to incurring of fixed costs without corresponding revenue, as mentioned in the earlier paragraph.

The Management will continue to monitor material changes arising due to the impact of this pandemic on financial and operational performance of the Company and take necessary measures to address the situation. Based on the indications gathered from the customers, the situation is expected to adversely affect the profitability during the first half of this year.

The Company does not see any incremental risk to recoverability of assets (Inventories, investments, Receivables, etc.) given the measures being taken to mitigate the risks. There is also no impact on internal financial controls due to the COVID-19 situation.



F. Impact of COVID-19 on supply chain

Timely availability of Castings from foundries (suppliers) is very important for the Company's manufacturing operations. The operations of the foundries are negatively impacted due to reverse-migration of workers. Delay in receipt of castings and other components may hamper manufacturing operations of the Company. Exact impact on supply-chain will be known once the manufacturing operations are scaled-up.

Supply chain including logistics is being closely monitored to ensure availability and dispatch of raw material and components.

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

The Company is positioned to fulfill its obligations and also does not foresee any significant impact on the business due to non-fulfillment of the obligations by any party.

H. Other material update about the Company

Due to the current situation, it is expected that the Board meeting to adopt the accounts will held in second half of June 2020.

For ZF Steering Gear (India) Limited


Company Secretary

