

01-06-2020

To
The Manager
Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400001

The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/I,
G Block, Bandra-Kurla Complex, Bandra-East,
Mumbai- 400 051

Scrip Code: 522074

Symbol: ELGIEQUIP

Dear Sir,

Sub: Disclosure of Material Events under Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Ref: SEBI Circular dated 20th May, 2020 regarding advisory on disclosure of material impact of CoVID-19 pandemic.

With reference to the above subject, please be informed that the Company had earlier notified the fact of closure the Company's factories owing to Covid 19 Central & Tamil Nadu State Government's directives from 24th March, 2020 till further notice, and thereafter on 11th May, 2020 intimated about resumption of operations in the factories on a staggered basis, based on the eligibility guidelines issued by the Industries Department, Government of Tamil Nadu.

Pursuant to Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020, please find enclosed herewith in Annexure – A, containing further disclosures on the material impact of CoVID-19 pandemic on the operations and performance of the Company.

This is for your information and records.

Thanking you,

Yours faithfully

For ELGI EQUIPMENTS LIMITED



SHYAM VASUDEVAN
COMPLIANCE OFFICER

ANNEXURE – A**Details of material impact of Covid – 19 pandemic on operations and performance of the Company****Business**

- The impact of COVID-19 was most seen on shipments related to orders in hand scheduled for execution from last week of March 2020. The Company's billing was impacted mostly from last week of March 2020 till early May 2020 and the order inflows were reduced as well for April 2020.
- However, with lockdown restrictions easing out in phases, the Company is now seeing a slow improvement in inflows for May 2020. The pace of recovery is being closely monitored.

Profitability

- The company is actively monitoring the sales performance across its geographies and taking necessary actions to contain costs to reduce the impact of revenue compression from COVID-19. While the profitability for the first quarter would be impacted due to this, the exact profitability would be measured and reported as part of the quarterly results to be declared by the company for the first quarter.


Supply Chain

- Several disruptions happened in the initial days of the lockdown including transportation of units with consignments stuck on highways; threat of transit damages exists
- Demurrages were incurred due to ambiguity in the directives of central and state governments for Customs House Agents besides incurring container detention charges at ports
- Products could not be shipped for 8-10 weeks that resulted in compression of revenues
- Interruption was seen in the fulfilment of suppliers' obligations since 80-90% of suppliers' workforce were migrant employees.
- Other difficulties faced in inland transportation include delayed consignments to dealers and consequent delays in sale to customers.
- Payment of premium price for inbound logistics to ensure that production did not suffer.
- Challenges on the logistics front may continue to impact the Company until normality is restored.

Liquidity Position and Payment Obligations

- Since the Company's customers and dealers delayed their payments, the Company in turn actively negotiated for delayed payments with its suppliers
- The payment delays noted above included delays on MSME payments as well

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Salary to employees / workmen

- Salary was paid to all the employees without any delay.
- Tamil Nadu government had instructed employers to make wage payment to contract workers. Though our contractors are the actual employers, the company has contributed to extent of minimum wages to all the contract employees who had not worked for the lock down period of April 2020.

Work from Home & IT Controls for data protection

- Consequent to the announcement of lockdown, all employees in the corporate office and branches have been working from home.
- The Company ensured that access to its IT systems was maintained seamlessly throughout the lockdown period for remote employees so they could work from home, with secure protocols for access. Remote work arrangements can have new potential challenges and fraud risks. The Company is continuously monitoring the effectiveness of IT systems for preventing the occurrence of such risks.
- The Company was in a position to continue business communications effectively with adequate IT support without compromising IT security controls.

Compliance with applicable laws

- The Company has complied with all the applicable legal requirements during the lockdown period.
- Requisite forms, disclosures, returns etc. were filed in time under various laws and regulations as applicable to the Company.


Automotive Division – ATS Elgi Limited (Company's wholly owned subsidiary)**Sales:**

- No sales were witnessed in the month of April 2020, barring a few shipments.
- The division has a good order backlog and expect to fulfil them as soon as the lockdown ends.
- The division foresees some improvement the situation from end May 2020, but rather slowly as OE garages have just started operating one by one.
- The division also developed and released a series of solutions related to disinfection for Covid protection during this period.

Supply chain:

- Being manufacturers of a majority of the company's products and a major portion of supply chain is within the locality, there were enough materials available and arranged in pipeline so as to ensure there is no gap in fulfilling the customer orders.
- The global supply chain has also started operating and the materials are being lined up. Supply chain from China has also been active since end of March 2020 and shipments have started to come and the Company foresees no major issue from global supply chain as of now.

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Steps taken to ensure smooth functioning of operations:

- Strict measures ensuring social distancing, hygiene practices and deep cleansing of premises, to ensure the safety of our workers / employees at work place have also been implemented.
- Strong communication and awareness initiatives from the company for employees and supply partners.

Existing contracts / agreements where non-fulfillment of the obligations by any party will have significant impact:

- None

Conclusion:

If the lockdown gets eased further going forward, the Company expects to come back to its pre-lockdown level of operations gradually over a period of time. The financial results, however, are expected to be impacted due to the lockdown, the exact details of which would be shared as part of the statutory reporting of results periodically.

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