

Bimetal Bearings Limited

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Manufacturers of **BIMITE** Thinwall Bearings, Bushings and Thrust Washers

Ref: CSD/SE/170

17th August 2020

M/s.BSE Limited
(Bombay Stock Exchange)
P.J.Towers
Dalal Street, Fort,
Mumbai - 400 001

Scrip Code: 505681
/ Electronic Filing /

Sir,

**Disclosure on material impact of Covid-19 pandemic
with reference to the SEBI circular Dt.20th May 2020**

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Pursuant to Circular No. SEBI/HO/CFD/CMDI/CIR/P/2020/84 Dt.20th May 2020 issued by the Securities and Exchange Board of India (SEBI) under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are furnishing the details of the "material impact" of the various measures taken by the Company to control the spread of "Covid-19 pandemic" (from the last week of March 2020) on the Company's operations for your perusal and records.

Thanking You.

For Bimetal Bearings Limited



K.Vidhya Shankar
Company Secretary / Compliance Officer

(REGD. OFFICE : HUZUR GARDENS, SEMBIAM, CHENNAI-600 011)
A MEMBER OF THE AMALGAMATIONS GROUP



Bimetal Bearings Limited:

Disclosure to BSE the material impact of Covid-19 under the requirements of SEBI (LODR) Regulations, 2015. (read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020 /84 issued by SEBI on 20th May 2020) (Pg.01/04)

Overall Operations:

The Company has production facilities at Chennai, Hosur and Coimbatore. One of the major manufacturing facilities (at Sembium, Chennai) is a major source of providing inputs to the manufacturing locations at Coimbatore and Hosur. Productions in all these manufacturing locations were drastically affected from 25th March 2020 till the end of May 2020. (The period during which the Union Government and the State Governments imposed total lock-down).

The partial relaxations from the Government of Tamil Nadu, from the middle of May 2020 enabled commencement of production activities in a restricted manner (i.e. by working at selective shift timings, limiting production and related activities to "available order positions", operating the manufacturing locations following safety guide-lines etc.).

A practical approach was taken initially to clear the back-orders and plans were drawn up and implemented in the production centres on these lines. While the domestic markets remained sluggish even after the production plans were ready with the Company from the middle of May 2020, export business showed some promises during May 2020.

The production of bearings, bushes, thrust washers slowly picked up in the months of June and July and is yet to reach the optimum production levels to absorb the total fixed costs. But positive / encouraging signs are visible as sale of vehicles (especially passenger car) has picked up steadily and the sales in the tractor segment are quite impressive in the current financial year.

During this four months period, the company's overall production level dropped by 41% (in financial terms) and in the remaining months of the current financial year, there are indications available for posting better results (which could take closer to the annual targets) and that in turn would enable the company to end up with acceptable numbers at the year-end.

Supply chain and vendor management:

The Company procures its raw materials from major sources like imports, local leading steel manufacturers and local vendors (for tools / maintenance related activities). All these sources were under strain from the last week of March 2020. (As these sourcing points were facing difficulties on account of the measures taken by the respective Government Authorities, the Company had to restrict its purchases.) The pipe-line stocks of raw materials were utilized and from the month of June, fresh orders have been placed.

Apart from these issues at the sourcing points, in-land transportation and handling at ports / inland container depots were creating some concerns to the management. But things have improved over the last few months and if the Government Authorities continue to take active / practical decisions in this regard, supply chain management will not be an issue to the Company.



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Almost all the vendors (both foreign / local) are responding to the company's changed needs in a very satisfactory manner. Pricing and credit periods are being adjusted and with a long standing working relationship with the major vendors, this area is well under control and no major problems are foreseen in the near future.

Sales:

The Company has recorded minimum sale values in the first Quarter of FY 2020-21. The company's product sale depends on the sale of vehicles (both passenger / commercial divisions) by the Original Equipment Manufacturers (OEMs). The company supplies to major auto manufacturers like Ashok Leyland, Hyundai, Tata Motors, Maruti, Mahindra etc. As these OEMs could not record noticeable sale figures during the first Quarter of FY 2020-21, the Company too could not push supplies to these OEMs. But signs of improvement are visible from July 2020 onwards.

Further sales to the next major segment i.e. the "after-sale" segment was also under strain and most of the retail stores across the country were closed in the first 2 months of the current financial year. After commencing activities, the retail segment was keen to liquidate the pipe-line stocks. In this segment also there are signs of recovery.

The export segment came up with a decent performance during this period and if this segment supports the company in the months to come, the expected targeted numbers for FY 2020-21 could be achieved. The overall sale value dropped by 45% during the first four months' period of the current financial year.

Employees:

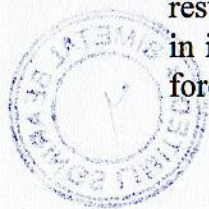
The support from the employees is commendable. Braving their health factors, they have risen to the Company's call of the hour. Barring actual / live manufacturing / sale activities, a lot of back-end activities were completed under an internally devised "work-from-home" scheme.

The unionised workers are very supportive of the efforts taken by the management during this crucial period.

All the major commitments given to employees were honored during this period and the management takes a lot of care in maintaining the overall welfare / motivational levels of every employee.

Commitment to the efforts taken by the Governments, Society and steps taken to over-come the present situation:

The Company continues to uphold the values of complying with the welfare measures taken / imposed by the Government / Statutory Authorities during this time period. All the welfare measures / preventive steps as listed by the Statutory Authorities are in place in the locations. As the work-force understands the importance / significance of the safety measures implemented i.e. social distancing, wearing masks, avoiding congestion, restricting travel and self-quarantining (in needy situations), these are no major concerns in implementing the tasks relating to adopting safety measures etc., and the entire work-force is very supportive to the call made by the Company in this regard.



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Financial, liquidity and profitability and ability to service debt, other financing arrangements:

The company's financial liquidity was under strain during this period. Efforts were taken to reduce costs, conserve cash to the maximum. As the overall economic scene (pan India) was not healthy, the strain was felt by the management.

The savings / investments made by the Company in the past came to the rescue of the management. The company utilized the working capital facilities sanctioned by the prime Bankers and structured the payment cycles to creditors to tide over the tightness faced by the company during the first 4 months period of the current financial year.

Assets:

The assets of the company are well protected against all risks. Even during the time when the machines were not in use, proper maintenance activities were taken up and they were always in "ready-to-operate" condition during the closure period.

For all the assets belonging to the Company, adequate insurance covers are available.

All the assets are productive in nature and even during these trying times, steps for improving the efficiency of the machines, upgrading their working technologies etc. were implemented to the extent possible.

Fresh investments on assets (particularly on machines) are strictly rationed. Barring some minor glitches, the assets employed by the Company have weathered the test of the major economic factors in a very satisfactory manner.

Internal financial reporting and control: The system of internal financial reporting and control are functioning satisfactorily. The systems based recording and control process were tested and validated during this period. The year-end financial audit for FY 2019-20 was completed with a lot of support from the systems side.

Moving to the regime of virtual meetings, sharing information in soft form is happening in a noticeable way with controls in place at all the sensitive points.

Existing contracts – non-fulfillment:

All the subsisting / live contracts entered into by the Company with the business partners were re-visited during this time period keeping in mind the changed business scenario. Such of those contracts which were found unviable (in terms of operations / commercial terms) were re-aligned / re-drafted to the needs of the hour.

Due to the implementation of these "pro-active measures", the benefits in financial terms will be felt in the remaining period of the current financial year. Further during this period, new contracts (entered into on need basis) were approved by the top management and their commercial impact is very closely scrutinized at regular intervals.



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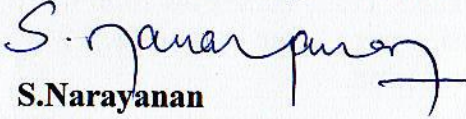
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Future operations / plans:

The Company has got a very experienced / competitive Board and takes very practical and result-oriented decisions. The Board and the top management are very much aware of the present situation and are ready to face any kind of eventualities. All the operating executives are well experienced to meet the on-going challenges. The Company and its work-force are fully aware of the impact of Covid-19 on the Company's working situations / atmosphere and the management is taking all the necessary steps to build investor confidence and provide better returns to their trusted investment in the Company.

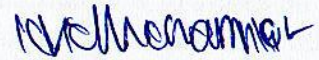
Thanking You.

For Bimetal Bearings Limited



S.Narayanan
Whole-time Director

For Bimetal Bearings Limited



K.Vidhya Shankar
Company Secretary & Compliance Officer

