

# Action Construction Equipment Ltd.

Corporate & Regd. Office

Dudhola Link Road, Dudhola, Distt. Palwal - 121102, Haryana, India



**Date: July 13, 2020**

To,

The Manager Listing  
BSE Limited  
5<sup>th</sup> Floor, P.J. Towers,  
Dalal Street,  
Mumbai-400001  
**Scrip Code: 532762**

The Manager Listing  
National Stock Exchange of India Ltd.  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (E),  
Mumbai-400051  
**CM Quote: ACE**

**Subject: Disclosure of material impact of COVID -19 pandemic under Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.**

Dear Sir/Madam,

With reference to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020, regarding advisory on disclosure of material impact of COVID-19 pandemic on listed entities under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the required details are annexed herewith.

This is for your information and records please

Thanking You.

**For Action Construction Equipment Limited**

**Anil Kumar**  
**Company Secretary & Compliance Officer**



**Encl: As above**



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## **DISCLOSURE OF MATERIAL IMPACT OF COVID -19 PANDEMIC**

### **1. Impact of the COVID-19 pandemic on the business:**

As a result of government mandate in response to the global pandemic COVID-19, the Company's manufacturing plants and offices were temporarily closed from March 23, 2020. The Company resumed its manufacturing operations on April 23, 2020 to the extent permitted by the government regulations.

Covid-19 has significantly impacted business operation of the companies, by way of interruption in production, supply chain disruption, unavailability of personnel, closure /lock down of production facilities etc. which has impacted its operations during April and May 2020.

During the lockdown period the Company took various precautionary measures like preventive shutdown maintenance at all the plant locations, enabling work from home facility for employees, timely payment of salaries to protect employees and their families from COVID-19. Operations were resumed by the Company by taking all necessary safety measures, as laid down by the government for the purpose.

### **2. Ability to maintain operations including the factories/ units/ office spaces functioning and closed down:**

The Company has restarted its operations considering order book and available workforce since April 23, 2020, adhering to the safety norms prescribed by Government of India.

### **3. Raw Materials:**

The Company has sufficient raw materials and therefore has witnessed no disruption in manufacturing, on-account of lack of availability of raw materials.

### **4. Steps taken to ensure smooth functioning of operations:**

The Company is taking utmost care of its staff and work force like:

- (a) Detailed shop-floor precautions & safety systems have been implemented with appropriate training to staff and workmen;
- (b) Factory roads and entrance areas are being regularly sanitized;
- (c) Social distancing norms being strictly followed at factories and offices;
- (d) Mandatory mask wearing;
- (e) Sanitization and thermal screening of employees, truck drivers and loading vehicles at the entry gate of factories.

Supply chain is being monitored to ensure availability of material. The Company has taken adequate/ necessary steps to ensure sufficient liquidity reduced its fixed cost and deferred all the capital expenditure to ensure continuity in the operations.

### **5. Estimation of the future impact of COVID-19 on its operations:**

The future impact on the business operations is difficult to assess at this point, as the situation is fast unraveling and is uncertain. However, the Company is well prepared to

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face anticipated challenges and cater to the emerging business needs. The Company continues to closely monitor the situation and will take necessary steps as may be required from time to time.

Further, the revenues and profitability of the Company are likely to be adversely impacted. As the business situation is very dynamic, the Company is closely monitoring it and is hopeful that the business situation will normalize during 3<sup>rd</sup> and 4<sup>th</sup> quarter.

**6. Details of impact of COVID-19 on the Company:-**

**(a) Capital and financial resources:**

The Company's capital and Banking facilities remain intact. There are no liquidity concerns as we have sufficient unutilized Banking limits available.

The Company is witnessing delay in receivable collection from customers as customers are delaying their payments. In spite of the delays in collecting receivables, we have met all our committed liabilities on their due date and have not taken any benefit of deferment of the term loan installment or the interest payments as permitted by the Central Bank.

**(b) Profitability:**

As the sales volumes and revenue were affected in Q1FY21 as our operations were partially shut in April 2020 and gradually ramped up during May 2020 and June 2020, it will affect the profitability during first quarter (April to June). As the business situation is very dynamic, the Company is closely monitoring it. We are hopeful that the business situation should normalize from 3<sup>rd</sup> quarter onward. However due to various cost rationalisation and productivity improvements taken, we expect to remain positive in the current financial year.

**(c) Liquidity position:**

The Company has comfortable liquidity position being a debt adverse company with only marginal long term debt. There are no liquidity concerns as we have sufficient Banking limits available. There may be some impact on receivable cycle however; the company foresees no major risk.

**(d) Ability to service debt and other financing arrangements:**

The Company has sufficient unutilized working capital limits to meet financial requirements. Though the cash position is challenging, with our limits and tight control over expenditure, the Company will be able to serve its debt and other financing arrangement on their due dates.

**(e) Internal financial reporting and control:**

The Company has taken Cash flow control and overhead control measures to manage the operations, periodically review mechanism adopted to review the account receivables, measures taken to control the expenses and capital expenditure.

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The Company continues to focus on strategic cost management interventions across each element of its value chain. In light of the current situation, these interventions are being supplemented by bringing extreme focus on costs and cash conservation anchored on zero-based budgeting principles and the elimination of discretionary / non-essential spends and deferring / curtailing activities in the short-term without compromising business outcomes. Appropriate process controls and review mechanisms are in place in this regard

**(f) Supply chain/ Demand for its products/services:**

There is temporary reduction in demand due to lock down, which we expect to improve in 02<sup>nd</sup> quarter and normalize by 4<sup>th</sup> quarter.

**(g) Existing contracts/ agreements where non-fulfillment of the obligations by any party will have significant impact on the Company's business:**

The Company is well positioned to fulfill its obligation and also does not foresee any significant impact on the business due to non-fulfillment of any obligation by any party. This is based on the assumption that there is no further stoppage in the business due to ongoing COVID 19 pandemic situation.

**(h) Annual Audited Account of Financial Year 2019-20:**

The Company has adopted and approved the annual audited financial results in its Board Meeting held on June 15, 2020 and the relevant disclosures of COVID 19 have been given in the Notes to the financial results.

**(i) Other relevant material updates about the Company's business:**

This update is dynamic and may change as the situation changes. The company will provide an update on the situation in case of any major change.

**For Action Construction Equipment Limited**



**Anil Kumar**  
**Company Secretary and Compliance Officer**

