



Enriching Lives

KIRLOSKAR OIL ENGINES LIMITED  
A Kirloskar Group Company

Date: 9<sup>th</sup> July 2020

BSE Scrip Code: **533293**

NSE Scrip Code: **KIRLOSENG**

To  
Corporate Relationship Department  
BSE Limited  
1st Floor, Rotunda Building,  
Dalal Street, Fort,  
Mumbai – 400 001

To  
Listing Department  
National Stock Exchange of India Ltd.  
Exchange Plaza, C -1, Block G,  
Bandra-Kurla Complex, Bandra (E),  
Mumbai – 400 051

Dear Sir/Madam,

In continuation to our earlier communication vide letters dated 23<sup>rd</sup> March 2020, 26<sup>th</sup> March 2020, 14<sup>th</sup> April 2020, 22<sup>nd</sup> April 2020, 27<sup>th</sup> April 2020, 28<sup>th</sup> April 2020, 4<sup>th</sup> May 2020, 9<sup>th</sup> May 2020, 15<sup>th</sup> May 2020, 18<sup>th</sup> May 2020, 27<sup>th</sup> May 2020, 1<sup>st</sup> June 2020 and 8<sup>th</sup> June 2020, pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) 2015 read with SEBI circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20<sup>th</sup> May 2020, please find enclosed herewith disclosure on further update of material impact of COVID-19 pandemic on the business operations of the Company.

You are requested to take the same on your record.

Thanking you,

Yours faithfully,  
For Kirloskar Oil Engines Limited

Smita Raichurkar  
Company Secretary

Encl.: As above.



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## **Disclosure of material impact of CoVID-19 Pandemic on the Business Operations of the Company – Update No. 2**

We would like to submit update on impact of CoVID-19 Pandemic as follows:

### **Q1 (April-June) of FY 2021:**

#### **Overall Impact on Sales & Profitability:**

- There has been improvement in the overall performance month-on-month during Q1.
- The improvement from different businesses of the Company is in varying proportions.
- While there has been good improvement in the performance of the business divisions that are categorized as essential supplies such as Agriculture, the progress with reference to other divisions like Power Generation and Industrial has been relatively slower and this would impact the profitability of the Company.
- There could be impact of increased input costs due to changes in current market scenario; however, it is difficult to assess the exact quantum at this stage. The Company has taken adequate measures across the organization to control costs, and to address any evolving situation resulting from this pandemic. The Company does not foresee any significant challenge in realizing/recovering its debtors, inventory, and other assets.

#### **Businesswise Impact:**

- There has been good improvement with reference to sales in Large Engine business. Similar buoyancy in sales was seen in exports. The Customer Support, Agriculture and allied businesses are slowly coming back on track.
- Power Generation and Industrial businesses are recovering but the pace of recovery is slower
- Though the Company is seeing an uptick in demand in few of its businesses, the full level of production / sales could not be achieved due to various operational challenges faced such as restricted movement of men and material. However, the early indications are positive and the Company hopes to improve the performance in the coming months/quarters.

#### **Manufacturing Operations:**

- All the factories of the Company and its subsidiaries are functioning in line with the order position and with the quantum of manpower permitted by the Government.

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

- Strict measures for ensuring social distancing, hygiene practices and deep cleansing of premises, to ensure the safety of our workers / employees at work place are being implemented.



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**Manpower:**

- Majority of the employees continue to work from home in the Company and its subsidiaries. The plant / field / depot / warehouse operations are being carried out, duly complying with the relaxations / directions provided by both the Central / State Governments and Local Authorities.

**Liquidity Position and Payment Obligations:**

- The liquidity position of the Company is robust and no major issues are foreseen in the near term.
- All statutory dues have been/are being paid on or before respective due dates.
- Cash discounts / quantity discounts have been offered to boost demand and also expedite collections in some cases.

**Ability to service debt and other financing arrangements:**

- The Company is having fund based-working capital limits with banks and it does not anticipate any issue in servicing the interest obligations. In addition to servicing interest obligations towards working capital limits utilised, the Company doesn't have any issue in repayment of its debt obligations on time.

**Assets:**

- None of the assets of the Company have been impacted or impaired.

**Internal financial reporting and control:**

- The Company has ERP System in place and all its locations are well networked. The ERP and other IT systems have been working seamlessly without any disruption, thus enabling internal financial reporting and control.

**Supply Chain:**

- Few COVID-19 cases have been noticed in our critical supplier organizations. This has impacted their production and which, in turn, impacted KOEL supply chain to some extent. Necessary actions have been taken; however, this may impact timely deliveries to some of our customers. It may be noted that it is a contextual impact and the company is taking optimal decisions on a case to case basis.
- Supply chain of the Company was also affected to some extent due to constraints in the availability of few raw materials, transportation, and workers at the suppliers' manufacturing locations.
- Currently, we see some improvement in inward & outward supply chain operations. That said, due to constant and unpredictable eruptions of COVID-19 cases in different locations even now, we expect some disruptions in our supplies which may affect sales adversely.



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**Demand for products:**

- Considering the month-on-month improvement observed during Q1, we expect the demand for our products to further pick up in the coming months/quarters. However, the uncertainties with reference to the spread / containment of COVID-19 remain.

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

- None

**Conclusion:**

Depending upon the further relaxations/developments relating to COVID-19, the Company expects to gradually come back to its original level of operations, in the coming months and quarters.

However, lower performance during Q1 of FY 21 is likely to have its impact on the overall performance / profitability of the Company for the financial year 2020-21.

Kindly take the above information on record.

For Kirloskar Oil Engines Limited

Sanjeev Nimkar  
Managing Director