

**June 12, 2020**

Ref: 532509 BSE Limited Department of Corporate Services P. J. Towers, 25 <sup>th</sup> Floor, Dalal Street, Mumbai- 400 001	Ref: SUPRAJIT National Stock Exchange of India Limited Exchange Plaza, C-1, Block-G, Bandra Kurla Complex, Bandra (E) Mumbai- 400 051
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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

Further to our update on the COVID-19 pandemic and the resultant shut down of operations of the Company, dated March 23, 2020, April 16, 2020 and May 14, 2020, we are enclosing herewith 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 May 20, 2020.

This is for your kind information and records.

Thanking you,

Yours faithfully,  
**For Suprajit Engineering Limited,**



**Medappa Gowda J**  
**CFO & Company Secretary**

Encl: As above

**SUPRAJIT ENGINEERING LIMITED**  
**COVID-19 Pandemic Situation- Update on Operations**

**Impact of the CoVID-19 pandemic on the business:**

The lockdowns and restrictions imposed on various activities due to COVID – 19 pandemic have posed challenges to all the businesses around the world and more specifically the automotive industry. Suprajit Engineering Limited ('the Company') and it's Subsidiaries are also affected as a consequence of the pandemic.

The Company's manufacturing facilities in India remained closed from March 23, 2020 due to lockdown and partially re-opened from April 20, 2020, which has impacted its operations during March and April, 2020. However, with the partial opening, there is gradual increase in production since May 2020. The performance of Q1 FY21 will be accordingly impacted.

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

The Company deployed the security teams and designated "Taskforce" members to ensure safety and security of plant, equipment and stocks during the lockdown.

The Company has partially resumed the operations at most of the manufacturing units considering order from the customers and available workforce, since April 20, 2020, adhering to the safety norms prescribed by the Central Government and respective state Governments.

**Schedule, if any, for restarting the operations:**

Domestic Operations:

- Company has received permission to start all its Indian plants in line with the guidelines issued by the Central and State Government(s) from time to time. Adequate safety measures were adopted as the Company opened various operations in India.
- Most of the plants have started its operations with very low level of production with permitted numbers of workforce from May 02, 2020. Most of the plants have also started some amount of billing at much below normal, based on customer requirements. None of the customer's plants were hampered due to the operations at our Company.



#### International Operations:

- Operations at Wescon's facilities in US and Mexico are at around 50% of normal since the pandemic broke out and continue to operate at this level currently.
- Operations at Suprajit Europe (UK) and Luxlite (Luxembourg) & Trifa (Germany) have restarted with below normal operations.
- All overseas subsidiaries have applied & received eligible Government incentives and support relating to Covid-19 pandemic. Wescon has received an amount of USD 2.16 million under Federal Government's PPP (Paycheck Protection Program).

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

The Company has taken utmost care of its staff and work force like sanitization, social distancing, mandatory mask wearing, thermal check at the gate, maintaining proper hygiene following MHA guidelines. The Company has taken various control measures to smoothly manage the operations which also include work from Home. Also, employees joining the office from different states/ cities after the lockdown are being asked to complete 14 days home quarantine as a part of Company's policy.

Safety audits of pressure vessels, gas bullets have been conducted through third party agencies, product quality qualifications have been done before resuming supplies to the customers.

#### **Estimation of the future impact of CoVID-19 on its operations:**

The revenue and profitability of the Company are likely to be impacted during the Lock Down period and near future till we achieve stabilization of normal operations. As the business situation is very dynamic, the company is closely monitoring it and taking required measures.

#### **Capital and financial resources and Liquidity position:**

The Company's capital and Banking facilities remain intact. There are no liquidity concerns so far, due to availability of sufficient unutilized Banking facilities. Further Banks have also offered additional limits.

The liquidity position is comfortable and Company does not envisage any concerns due to availability of free cash and unutilized Banking limits.

#### **Profitability:**

In view of lock down since March 23, 2020 and partial opening since April 2020, the profitability for Q1 FY21 is likely to be impacted. As the business situation is very dynamic,



the company is closely monitoring and taking required measures to minimize the impact to the extent possible.

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

There is no impact on Company's ability to service debt. During this period the Company has discharged its liability towards lenders well within time and, the Company has sufficient cash reserves and un-utilized bank facilities to draw down in case of any emergency, if the need so arise. Considering the present available liquidity coupled with strong monitoring of expenses, the Company does not foresee any challenges in meeting its financial obligations. All the rating agencies, CRISIL, ICRA and India Rating, have re-affirmed the rating already assigned for Company's Long Term borrowing (AA Stable) and Short Terms borrowing (A1+).

#### **Assets:**

The Company has considered the possible effects that may result from COVID-19 on the carrying amounts of property, plant and equipment, investments, inventories, receivables and other current assets. Based on current estimates and evaluation, the Company expects the carrying amount of these assets will be recovered.

#### **Internal financial reporting and control**

All the internal financial reporting and controls have been maintained adequately. The Company has taken various cost control measures. Further it has proper cash flow management systems in place. It includes weekly review on receivables, payables and Inventory besides strict control on fixed cost and capital expenditure.

As a strategic action of the Company, all employees in India, above the salary levels of Rs. 5 lakhs per annum will have a salary cut in the range of 5% to 30% based on graded scale from May onwards until normalcy returns. The Managing Director has taken a salary cut of 40% and Executive Chairman has taken a 100% cut. All Subsidiary Companies also initiated such salary cuts on graded scale from June onwards.

Company is working on various cost optimization and productivity improvement plans to emerge stronger post Covid – 19 pandemic across all its domestic and international operations.

#### **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 well 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.



**Supply chain:**

There is minimum disruption in the supply chain as most of the vendors have re-started their production and are ready to provide required supplies. Manufacturing facilities are ready for production and has commenced operation depending on the requirement.

Any further material developments, if any on this will be communicated from time to time.

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