



KILBURN ENGINEERING LTD.

PLOT NO. 6, MIDC-SARAVALI, KALYAN BHIWANDI ROAD, TALUKA BHIWANDI, DIST. THANE - 421 311, MAHARASHTRA, INDIA
Tel : +91 2522 283000 Fax : +91 2522 281026 / 280166 Website : www.kilburnengg.com

June 16, 2020

To
The Corporate Relationship Department
BSE Limited
P. J. Tower
Dalal Street, Fort
Mumbai - 400 001

Scrip Code: BSE 522101

To,
The Secretary
The Calcutta Stock Exchange Ltd.,
7, Lyons Range,
Kolkata - 700 001

Scrip Code: CSE 21022

Dear Sirs,

Subject: Impact of COVID-19 Pandemic

With reference to the SEBI Circular dated May 20, 2020, regarding advisory on disclosure of material impact of COVID-19 pandemic on listed entities, under the SEBI (LOOR) Regulations, 2015, we write to inform you as follows:

Impact on Operations | Ability to maintain operations including the factories/units/office spaces functioning and closed down | Schedule, if any for restarting operations

- There has been an unprecedented impact on the country's economy and business due to the COVID-19 pandemic. For preventing the spread of COVID-19, various restrictions and containment measures had been put in place by various state governments and local administrations from mid-March itself and a nationwide lock down had been announced, effective March 23, 2020.
- Normal work at manufacturing facility of the Company at Saravali as well as its registered office and corporate office were locked down as per directives applicable to them, effective, March 21, 2020 and all the operations were disrupted for considerable period. On account of the lockdown, the Company was unable to complete some despatches of finished goods during the month of March 2020.
- The Company worked with the local authorities at different levels for the purpose of permit(s) to restart operations. On receiving permissions from the concerned government authority(s), the manufacturing facility at Saravali was partially operational in a limited manner, ensuring social distancing guidelines, only from 29th of April, 2020. As on date, the manufacturing facility of the Company is operating with limited workforce on account of restrictions and safety measures (including social distancing measures), as required to contain the Covid-19 pandemic and has started functioning in a staggered manner.
- All employees based out of the registered office and the corporate office continued to work from home, with effect from March 24, 2020.
- The pandemic has imposed incremental operating costs on the business. While there will be some impact on the Company's profitability, in the short term, however, it is difficult to assess the exact quantum at this stage.

Steps taken to ensure smooth functioning of operations

- The Company manufactures and supplies various dryers and process equipments for various industries and in these extremely critical times, it is important that the Company fulfils the demand from customers for its products. The Company is keeping close tabs on the changes in demand patterns due to COVID-19.
- As stated above, manufacturing activities have commenced in a phased manner, subject to restrictions imposed by government (s)/authorities. However, all attempts are being made to ramp up production, current inventory level, demand and supply requirements, with due regard to safety norms.



- Efforts are being made to resume manufacturing and supply of the dryers , post removal of lockdown and/or relaxations to lockdown. For this purpose, necessary support in the supply chain is also being ramped up.
- Appropriate health and safety measures, including ensuring social distancing, hygiene practices and deep cleansing of premises to ensure the safety of our workers / employees at work place have been implemented by the Company at all its premises which are operational.
- Adequate IT backup etc. have been provided to ensure smooth operations to employees who are operating from home.
- The Company's efforts are currently focused on bringing its operations back to pre-Covid levels, which would be further enhanced with the relaxation measures announced by the government(s)/authorities from time to time.
- The future impact on the business operations is difficult to assess at this point, as the crisis of the pandemic continues to accelerate and the situation remains volatile. However, barring unforeseen circumstances, the Company is confident about its ability to manage this crisis and come out of it slowly but steadily.

Capital and Financial Resources

- There is a prevailing working capital crisis due to restricted fund rotation on account of COVID-19. While impact of such crisis was sharply felt towards the end of March and April, the situation has improved in May, as various segments of the economy were opened up. With lockdown restrictions being gradually relaxed, cash flow situation is likely to improve further in the following months.

Liquidity Position

- Wages and salaries have been paid to all employees of the Company for March, 2020 without any deduction. But due to restricted cash flows, wages and salaries for later months were paid with some deductions which are expected to be cleared in due course of time.
- Due to temporary liquidity stress, some statutory dues could not be made within the stipulated timelines.
- Trade collections have been sluggish because most of the industries are facing severe cash crunch and are yet to be fully operational. Hence we cannot forecast exact impact on liquidity due to delay in payments by them in the near future.

Ability to Service Debt

- Company is confident to continue to service all debts and meet all obligations of financial arrangements as per due dates.

Assets

- None of the assets of the Company has been impaired during the concerned period.

Internal Financial Control and Reporting

- No internal financial control issues arose during the lockdown period as the employees could work remotely through the Oracle ERP system. Even during lockdown, IT/ reporting systems worked seamlessly without any disruptions.

Supply Chain

- Due to restrictions on various parts of the supply chain, there have been certain obstacles initially in terms of availability of raw materials and components. However, the situation is gradually normalizing as the supply chain stabilizes with the gradual relaxation of the lockdown measures.



Demand for Products

- Demand for our Company's products mainly depends on investment in new / expansion projects, which are currently facing high uncertainty globally. Various customers in India and abroad have shown preference for Company's products as compared to the suppliers in China and this may lead to increased demand for Company's products. But, presently company cannot forecast the demand for its products with certainty.

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

- The Company will strive to make best efforts to fulfil its obligations with respect to all the existing contracts and agreements. Some customers have requested us for deferring the delivery of their completed / near completion dryers, which is likely to put some stress on the liquidity in the near future.

You are requested to kindly take the above information on record.

Thanking You,

Very truly yours,

Arvind Bajoria
Company Secretary