

29th May, 2020

BSE Limited
Department of Corporate Services
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001

cc: National Stock Exchange of India Limited
Listing Department
Exchange Plaza
Bandra-Kurla Complex
Bandra (East), Mumbai 400 051

Dear Sir,

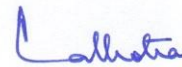
Sub: Submission of information under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in the context of pandemic Corona Virus (Covid-19)

With reference to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20th May, 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 information is annexed herewith.

This is for your information and records.

Thanking you,

Yours faithfully,
VOLTAS LIMITED



V. P. Malhotra
Vice President – Taxation,
Legal & Company Secretary

VOLTAS LIMITED

Corporate Management Office

Registered Office Voltas House 'A' Dr Babasaheb Ambedkar Road Chinchpokli Mumbai 400 033 India
Tel 91 22 66656251 66656258 Fax 91 22 66656311 e-mail vpmalhotra@voltas.com website www.voltas.com

Corporate Identity Number L29308MH1954PLC009371

A **TATA** Enterprise

Covid 19 Pandemic and related update

The Company is engaged in Consumer Products, Projects and in Engineering Products and Services businesses. The unexpected outbreak of Novel Corona Virus (COVID-19) which had a pandemic impact resulted into a sudden announcement of the nationwide lockdown effective 23rd March 2020. This has led to a halt in economic activities thereby adversely impacting the business operations across the value chain. Given the present state of affairs, the Company has taken the following actions.

Safety, Security and Well-being of Employees:

- (a) All Government notifications and advisories have been implemented across all Factories, Offices and Project Sites of Voltas. Additional IT arrangements and connectivity to enable safe and secure working from home has been ensured.
- (b) International operations continues in consonance with local Government regulations, albeit with slow pace and restricted activities.
- (c) Payment to the labour contractors have been made to the extent feasible to ensure that no hardship is caused to them during such testing times and to enable them in turn, pay salaries and wages to their employees.
- (d) Structured communication on a regular basis with Employees, Site-in-charge and Territory Heads is being practiced and ensured.

Materials & Business Supply Chain:

- (a) Inventory assessments have been carried out and Suppliers have been informed to defer / short close orders to align with future revenues without affecting long-term relationship.
- (b) Continued engagement with Industry Associations to find balanced solutions to deal with various issues. Representations have been made to the Ministries concerned for waiver of detention and ground rent charges due to influx of the containers at Port and restriction on movement of non-essential items.
- (c) Communication and engagement with various stakeholders, assuring them of adequate support during the crisis, whilst notifying and exercising possible remedies under the existing terms of contract.
- (d) Ensuring 'essential' services and resolving service complaints through remote monitoring and online solutions to the extent feasible.

Outlook:

- (a) As is well known, Cooling Product sales in March to May (peak summer season) contributes around 35%-40% of total volume of annual sales, which due to COVID-19 this year, was lost out amidst lockdown. The inventory with channel partners, shorter season period, and aggressive pricing may pose challenges in covering up the lost season sales in the coming months. The demand pattern and behaviour of the Consumers might undergo a change, and spend towards discretionary products may be withheld, temporarily affecting the growth of the Industry in 2020-21.

Meanwhile, the Company has taken necessary steps to align the inventory with the future sales trend. Continued leadership in the Cooling Products category with sustainable margin and balanced value chain mitigates the risks to a large extent. As we write, the manufacturing operations have been resumed in the factories and demand for the product has started flowing from the unaffected areas. The Company is cautiously optimistic for the rest of the year, considering prediction of hot weather and demand recovery in the subsequent months.

- (b) On the International Projects, sharp decline of oil prices and stressed liquidity may affect the spend on the infrastructure, and some of the mega events like Dubai Expo are being rescheduled. In the midst of lockdown, the pace of execution at project sites, job closures, work certification, etc., may be adversely impacted, thereby affecting the liquidity and working capital.

On the domestic front, post lifting of the lockdown, remobilization of work force at Project sites remains a challenge and could result into delay in project completion. However, a recent announcement by the Government allowing extension of time (EOT) of 6 months due to COVID-19 pandemic impact would be helpful given that majority of the projects under execution by the Company are either Government projects or are sponsored by them. At the same time, given the subdued demand, material prices have come down and savings are expected to accrue on the future project material sourcing. In addition, the careful selection of projects and protected contractual terms would help in mitigating the liquidity risk and margin erosion.

Liquidity:

While the Company has a strong balance sheet and cash position, proactively managing day-to-day cash becomes critical during these difficult times. Accordingly, the Company continues to review and maximize all avenues of cash generation while re-evaluating and curtailing expenditure. Containing discretionary spend given the prevailing circumstances continues to be a focus area. Capital investment is also being limited towards protecting long-term strategic objectives.

Meanwhile, since the situation is continuously evolving, the impact assessed may be different from the estimates made as of date and the Management will continue to monitor any material changes arising due to the impact of this pandemic on financial and operational performance of the Company and take necessary measures to address the situation.