

June 22, 2020

To,

BSE LIMITED P.J. Towers, Dalal Street, Mumbai – 400 001	National Stock Exchange of India Ltd. Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400051
BSE Scrip Code: 532684	NSE Symbol: EKC NSE Series: EQ

Dear Sir(s),

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

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 20th May 2020 and further to earlier disclosure on the subject dated March 24, 2020, an update relating to the impact of the COVID-19 pandemic and the resultant lockdown, on the operations of the Company and the current status is attached.

This is for your information and record.

Thanking you,

Sincerely,
For **Everest Kanto Cylinder Limited**



Puneet Khurana
Managing Director
00004074



**EVEREST
KANTO
CYLINDER
LIMITED**

**Manufacturers
of High Pressure
Seamless
Gas Cylinders**

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Everest Kanto Cylinder Limited

IMPACT OF THE COVID-19 PANDEMIC ON BUSINESS

Mumbai, June 19, 2020: Everest Kanto Cylinder Limited, India's largest manufacturer of high pressure gas cylinders, has informed that the company has assessed the impact of the COVID-19 pandemic on its operations and a note to this effect is provided in this release pursuant to regulation 30 of SEBI LODR and SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/84 on material Impact of CoVID-19 pandemic on the business.

Impact on Operations

Following the government's advisory related to the Covid-19 pandemic, the company imposed a lockdown at its cylinder production facilities located at Tarapur (Maharashtra) and Kandla (Gujarat) with effect from 24 March 2020. Subsequently, as some of our products such as cylinders used for storing oxygen supplied to the medical/hospitals sector are covered under the category of essential goods, we received the requisite permissions to re-initiate manufacturing operations at these facilities, which allowed us to step up labor mobilization on an incremental basis. Gradually scaling up production, the company has operated at 25-30% of capacity till the end of April and at 60-70% of capacity during the month of May.

Supporting our ongoing production is the continued availability of raw material as supply chain efficiencies have been maintained by our major suppliers.

Also, the company's overseas manufacturing facilities located at Jebel Ali Free Zone, Dubai, UAE and Pittsburgh (PA), USA have continued to operate in the normal course of business throughout this period.

Impact on Financial Performance

Due to the temporary stoppage of production and our facilities subsequently operating with lower volumes, we incurred loss of revenues during the period since the lockdown got affected. Demand from customers in the automobiles sector, a significant contributor to our business, remains impacted during the first quarter. However, manufacturing volumes in the sector have started to expand across several leading automobile players and resumption of normalized economic conditions in the coming months should boost the demand for cylinders used to store CNG in automobiles. In addition to demand from the automobiles sector, we see resumption of demand for high-pressure cylinders from industrial clients and continued supply to the medical sector, where infrastructure expansion continues to be on fast track. This has ensured that there is no material impact on our operations on an overall basis.

Profitability is expected to be marginally impacted during Q1 FY21 due to the lower volume of production in the month of April 2020. Thereafter, we do not foresee any material impact considering the scale up of volumes and visibility of business based on orders in hand.

Further, the impact on the company's capital and financial resources would be marginal as adequate liquidity has been maintained based on efficient working capital management backed by available banking limits. The company also does not see any incremental risk to the recoverability of receivables or depletion of value of assets such as inventories and investments, supported by the continuity in running the business operations. There is also no impact on the internal financial control framework due to the COVID-19 situation.

Overall, we see the current situation as deferment of demand with the longer-term outlook for the use of gases in automotive, industrial and medical sectors continuing to be robust across all these verticals. The company's leadership position in the sector allows growth visibility aligned with potential demand expansion once the country reverts to normalized economic activity.

Functioning of operations

The company has operationalized a framework for business continuity and risk control with the objective of effectively managing any potential impact on all our stakeholders. Key areas of emphasis within this framework are safety of people (employees, workers, customers) as well as business interests (business readiness, customer commitments, cash flows).

While in the first few days following the lockdown, the company faced many challenges of organizing skilled manpower and technical staff at its production sites, thereafter, based on guidelines issued by the Ministry of Home Affairs (MHA) and various state government advisories, the company has mobilized resources while strictly following the recommended standard operating procedures to ensure the safety and well-being of our people. Shop floor sanitization, social distancing, wearing safety masks, thermal scanning, sanitizing/washing hands and other preventive measures for health, hygiene and safety at the work place are being strictly adhered with.

Our people located at the Mumbai corporate office, and other office staff, were all advised to work from home during the lockdown period. At present, the corporate office is operating with limited attendance in line with the applicable government advisory.

From the supply chain/raw material availability standpoint, we have seen very limited disruption during most of the lockdown period and our major suppliers have continued to send shipments to our facilities. This has enabled us to maintain production output during this period.

Overall, the company remains well-positioned to fulfil its obligations and also does not foresee any significant impact on the operations due to non-fulfilment of obligations by any party doing business with it.

The aforesaid update is based on the management's assessment of current business conditions and the operations of its corporate and production facilities. However, given the dynamic and will change as the situation changes, which is not in the control of the company.

About Everest Kanto Cylinder Limited

Everest Kanto Cylinder Limited (EKC) (BSE: 532684, NSE: EKC), established in 1978, is a clean energy solutions company and a leading global manufacturer of seamless steel gas cylinders with over 30 million industrial gas and CNG cylinders currently in service. EKC operates two manufacturing facilities in India located at Tarapur (Maharashtra) and Kandla SEZ (Gujarat) and two international facilities at Jebel Ali Free Zone in Dubai and Pittsburgh (PA), USA, with aggregate capacity of over 900,000 cylinders annually. EKC's product range of industrial, CNG and jumbo cylinders is used for high pressure storage of gases such as oxygen, hydrogen, nitrogen, argon, helium, air etc and finds applications in a wide variety of industries such as manufacturing, fire equipment/suppression systems, medical establishments, aerospace/ defence and automobiles apart from some specialized usage areas. Given its strong position in the Indian domestic market and wide acceptance across several key international markets built over the last four decades, EKC is poised to benefit from the increasing usage of gases in industrial production and automobile sectors based on both economic and environmental considerations.

For **Everest Kanto Cylinder Limited**



Puneet Khurana
Managing Director
DIN: 00004074

