



KPL/2020-21/BSE
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Bombay Stock Exchange Ltd. 1 st floor New Trading Ring Rotunda Building P.J.Towers Dalal Street, Fort MUMBAI – 400 001 Scrip Code : 530299	National Stock Exchange of India Ltd. Exchange Plaza, 5 th floor Plot No., C/1 G Block Bandra Kurla Complex Bandra (E) MUMBAI – 400 051 Scrip Code : KOTHARIPRO
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Sub: DISCLOSURE OF MATERIAL IMPACT OF COVID-19 PANDEMIC

Dear Sir,

Pursuant to SEBI Circular SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020 and in continuation of our previous letter dated 04th June, 2020 and NSE mail dated 08th July, 2020 on the captioned subject, please find enclosed herewith disclosure on material impact of COVID-19 pandemic on the Company.

The above is for your information and record.

Kindly acknowledge receipt.

Thanking you,

Yours faithfully,
for **KOTHARI PRODUCTS LTD.**

RAJ KUMAR GUPTA

(RAJ KUMAR GUPTA)
CS & COMPLIANCE OFFICER
FCS – 3281

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NOTE ON MATERIAL IMPACT OF COVID -19 PANDEMIC ON THE COMPANY

• **Impact of the CoVID-19 pandemic on the business;**

The unprecedented and uncertain nature of the Covid – 19 Pandemic has nudged the global economy into recessionary phase and India, the 5th largest economy in the world has not been insulated from this shock, we are also greatly impacted with this unending disruption since March'20 across the Globe and given the global scope of current pandemic, we see massive disruption not only to our business but also to our overall relationship with our bankers, buyers and suppliers. More so in view of the fact that the Pandemic is far from over and in many countries there are instances of a second wave and uncertainties of future lockdowns.

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

The Company is primarily engaged in International Trade therefore not related to manufacturing operations directly but there is a slowdown in the global markets due to fall in demand and slow logistic support (with several countries going into complete/partial lockdown) resulting in slow down of all economic activity. Though the Company is able to continue its trading activity, there is fall in both demand as well as supply side.

• **Schedule, if any, for restarting the operations;**

As mentioned above, the Company is not having manufacturing activity, the trading operations are continuing.

• **Steps taken to ensure smooth functioning of operations;**

The Company has adopted well to mitigate the problems of continuing the operations of trading despite frequent lock downs by encouraging the human resource to work from home. However the frequent changes in lockdown rules and different rules being followed across the country, new challenges are being faced everyday.

• **Estimation of the future impact of CoVID-19 on its operations;**

In these times of uncertainties, The Company foresees a fall in the top line as well as profits for the ensuing quarters in International Trade activities. However quantification of the impact is not possible at present since the pandemic is far from

over and there are other developments such as conflict along the Indo-Sino Border, significant currency fluctuation etc. which have contributed to the uncertainty.

• **Details of impact of CoVID-19 on company's –**

- **capital and financial resources;** - There is a financial crunch through out the globe and working cycle has been stretched at the moment Company is coping up to continue operations with adequate financial reserves/inter group borrowings. The same is also owing to slower realisation of trade receivables. The company does not have any secured/unsecured borrowings from any banks/public financial institutions; and as of now, the Board has not initiated any fund raising exercise outside the group.

- **profitability;** - As mentioned above, global crunch of demand and supply will impact the profitability more so in absence of opportunities for planned expansion of business in near future. However given the volatility in exchange rates, and given the significant exposure of the company (owing to heavy foreign trade receivables), a near-accurate estimate on the profitability position is not yet feasible.

- **liquidity position;** - As a result of lack or inadequate demand and supply, and slowing trade realisations, the liquidity crunch is evident.

- **ability to service debt and other financing arrangements;** - The Company is able to service debt as per the financing arrangements. The company does not have any secured/unsecured borrowings from any banks/public financial institutions

- **assets;** - As a result of sluggish demand and supply, the liquidity has been impaired to some extent in the way that the realisation from debtors is delayed but steady.

- **internal financial reporting and control;** - Internal Financial reporting and controls are slightly effected owing to frequently changing lock down rules across cities and health concerns for the staff, but are otherwise considered adequate.

