

**WALCHANDNAGAR INDUSTRIES LIMITED**

Walchandnagar: 413 114, Dist Pune, Maharashtra, India

Tel: 02118- 307100 / 252 235 Fax: 02118- 252 358

Website: www.walchand.com Email: wil@walchand.com

Ref. No. : WIL:SEC: 2020
Date : August 12, 2020

To,
National Stock Exchange of India Ltd
Corporate Action Department
Exchange Plaza, 5th floor,
Plot No. C / I, G Block,
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051.
Fax: 26598237138, 66418126125124
Scrip Code: WALCHANNAG

BSE Ltd.
Corporate Relations Department
1st floor, New Trading Ring,
Rotunda Bldg. P.J. Tower,
Mumbai 400 001.
Fax: 22723121 I 2039 I 2037
Scrip Code: 507410

Sub : Disclosure of impact of COVID 19 pandemic under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
Ref : SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020 and our letter dated May 22, 2020

Dear Sir,

Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020 and further to our letter dated May 22, 2020, please find enclosed herewith the disclosure of impact of COVID-19 pandemic on our Company and the measures taken by the Company to ensure the safety of its employees in **Annexure -I**.

We request you to kindly take the aforesaid information on record.

Thanking You,

Yours faithfully,

For Walchandnagar Industries Limited

AGRAWA Digitally signed
by AGRAWAL
L GIRIRAJ GIRIRAJ SHARAN
SHARAN Date: 2020.08.12
12:54:21 +05'30'

G. S. Agrawal
Vice President (Legal & Taxation) & Company Secretary

Encl : As above

Annexure -I

Pursuant to advisory issued by the Securities and Exchange Board of India (SEBI) vide its circular SEBI / HO / CFD / CMDI / CIR / P / 2020 / 84 dated May 20, 2020 and Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find disclosure on material impact of COVID-19 pandemic on the Company as follows.

1. Impact of the CoVID-19 Pandemic on the business -

In the last month of Financial Year 2020, spread of COVID-19 has severely impacted the Company Operations. The Company's manufacturing activities remained shut from 23rd March, 2020 at Walchandnagar, Satara and Dharwad due to lock down declared by Central Govt. The offices in Mumbai, Pune, Hyderabad, Chennai & Delhi were also closed due to lock down. For the Company, the focus shifted to ensure the health and well-being of all employees. Therefore, work from home directives was issued to all the staff members across all offices and manufacturing locations wherever possible. The Government and Reserve Bank of India have also responded with monetary and fiscal interventions to stabilize economic conditions.

The company has partially commenced operations in the month of May 2020 and capacity utilization has increased slowly over the period and also started dispatch of goods to our customers wherever was possible.

2. Ability to maintain Operations including the factories/units/office spaces functioning and closed down-

The Company has started operations at factory adhering to the safety norms prescribed by the National and State directives for COVID-19 management and the standard operating procedure for Social Distancing for Offices, Workplace, Factories and Establishments as per the Government of India guidelines time to time.

3. Schedule, if any, Restarting the operations -

Company has commenced production partially at Walchandnagar, Satara road and Dharwad in May-2020. We started operations but due to lack of supply chain, took some time to production got stabilized. We also started dispatch of good to our customers wherever was possible since May, 2020 only.

4. Steps taken to ensure smooth functioning of operations -

The Company is taking utmost care of its staff at work place which includes sanitization, social distancing, mandatory mask wearing, washing, thermal check at gate, maintaining proper hygiene. To ensure functioning of our operations, we have taken care to communicate with our employees, stakeholders, customer and vendors about the company's status and updated them. Work from Home is provisioned of our staff before the announcement of the lockdown by the regulatory authorities.



5. Estimation of future impact of COVID-19 on its operations -

COVID - 19 has had a negative effect on business, with the operations being shut for nearly two months due to lockdown and the supply chain & logistics affected badly. Production during the shutdown period has been lost. While there is no cancellation of existing orders by our customers, however we expect few months delay in new orders due to continuing COVID -19 situation. The full year impact cannot be ascertained at this moment for the F.Y.2020-21 and will depend on the improvement in the current situation.

6. Details of Impact on listed Entity's Capital and Financial resources-

1. Capital and Financial Resources -

The Company's capital and financial resources remain comfortable. The Company has made collections from the debtors and there are no bad debts presently due to Covid 19 . Other than raw material suppliers we have no major creditors.

2. Profitability -

Due to lockdown from 23rd March, 2020 and its several extensions, there being no production and sale in the month of March 2020 (Last week), April 2020 and limited sale in May, 2020 the profitability is impacted for the relevant period. However, the company will closely monitor the future production and demand to arrive at the correct status of profitability and ascertain margins. The consequences of the COVID-19 outbreak have adversely affected the supply chain, Production and logistics during lockdown period and therefore, Company's operating results have been negatively impacted. The Company had sales deferral of Rs. 1,910 lakhs and operating losses of Rs. 570 lakhs due to COVID-19 quantified till March 31, 2020. The adverse impact of COVID-19 has continued in the first quarter and may continue in the Second quarter of the current FY 2020-21 also.

3. Liquidity Position -

The Company has made detailed assessment of its liquidity position for the next one year and of the recoverability. The Company has availed the Moratorium facility announced by SBI, BOI and KKR as per the guidelines issued by Reserve Bank of India. The Company has been paying statutory dues, salaries and is able to service all its dues on time and there is no delay or default of any commitments.

4. Ability to service debt and other financing arrangements -

To mitigate the working capital gap the company has availed the Covid Emergency Loan from State Bank of India and Bank of India to the tune of 10 % of Existing fund based working Capital limits and is able to service its creditors in order to continue its operations. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.



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5. Assets -

The Company has made detailed assessment carrying values of its assets comprising Property, Plant and Equipment, Intangible assets, Trade receivables and Inventory as at the reporting period and has concluded that there are no material adjustments required in the financial results. Management believes that it has taken into account all the possible impact of known events arising from COVID-19 pandemic. The Company has no issue with regards to fixed assets.

6. Internal financial reporting and control -

The Company has adequate internal financial reporting and control system.

7. Supply Chain -

The consequences of the COVID-19 outbreak have adversely affected the supply chain, Production and logistics during lockdown period and is partially continuing. Therefore, Company's operating results have been negatively impacted. It is expected to be normalized in the current quarter.

8. Demand for its products / services -

We expect few months delay in new orders due to continuing Covid-19. We are expecting improvement in new orders in the coming months. As regards existing orders in hand we have not been informed any cancellations.

9. Existing contracts / agreements where non fulfillment of the obligations by any party will have significant impact on the listed entity's business -

There are no such contract/agreements where non- fulfillment of the obligations by any party will have significant impact on the listed entity's business.

7. Other relevant material updates about the listed entity's business -

There is no other relevant update about the business of the Company.

You are requested to kindly take this on record.

Thanking You,

For Walchandnagar Industries Limited

AGRAWA Digitally signed
by AGRAWAL
L GIRIRAJ GIRIRAJ SHARAN
Date: 2020.08.12
SHARAN 12:54:48 +05'30'

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