

EVEREADY

INDUSTRIES INDIA LTD.

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June 5, 2020

BSE Limited
P.J. Towers,
Dalal Street, Fort
Mumbai - 400 001

The National Stock Exchange
of India Ltd
Exchange Plaza, C-1,
Block – G,
Bandra Kurla Complex
Bandra (East)
Mumbai - 400 051

The Calcutta Stock Exchange Limited
7, Lyons Range
Kolkata - 700001

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 25, 2020.
- All the manufacturing facilities of the Company as well as its registered office, corporate office and sales offices were locked down as per directives applicable to them, effective, March 24, 2020 and all the operations were disrupted for considerable period. The operations across the distribution network, godowns and extended supply chain locations were also disrupted on account of the lockdown. Generally, a substantial portion of the sales take place towards the end of a month. On account of the lockdown, the Company was unable to achieve optimum sales figures for the month of March 2020.
- The Company worked with the local authorities at different levels for the purpose of permit(s) to restart operations and the supply line. On receiving permissions from the concerned government authority(s), the battery manufacturing facilities at Maddur, Lucknow, Hardwar and Matia became partially operational in a limited manner, to ensure social distancing guidelines, from the latter half of April 2020. The battery manufacturing facilities at Kolkata and Noida became partially operational in a limited manner, to ensure social distancing guidelines, only from the 3rd week of May, 2020. As on date, all the manufacturing facilities of the Company are operating with limited workforce on account of restrictions and safety measures (including social distancing measures), as required to contain the Covid-19 pandemic. All depots / warehouses/godowns of the Company across the country, which were initially closed due to the lockdown have started functioning in a staggered manner.
- All employees based out of the registered office, the corporate office and sales offices with continue 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 essential products such as batteries and flashlights and is cognizant of the requirement to fulfil the demand for the said products from the consumers, in these challenging conditions. While the Company continues to prioritize the safety of its people, given these extremely critical times, it is important that the Company fulfils the demand from consumers for its products. The Company is keeping close tabs on the changes in demand patterns and consumer behaviours.
- 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 sales of the lighting and appliance categories, 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 focussed 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 in the retail market 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 wherein there were strict restrictions on supply of non-essential commodities, the situation has improved in May, as more 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.
- The Company is engaged in discussions with lenders in relation to infusion of additional funds (fund and non-fund based) to bridge the Company's working capital gap and ensure no impact on its operations.
- The Company has also approached all term lenders to extend moratorium as per RBI's Covid-19 regulatory package in relation to repayment of instalments falling due during the period of 1st March to 31st August 2020 and some of the requests for moratorium have been granted by the term lenders. This moratorium shall help ease out the cash flow situation in the Company.

Liquidity Position

- Wages and salaries have been paid to all employees of the Company without any deduction.
- All statutory payments have been made within the stipulated timelines.
- Trade collections in respect of batteries have been satisfactory as supply chain opened up for the same, due to its classification as an essential commodity.

- Trade collections in other non-essential categories have been sluggish due to pending collections / inventories at trade level, since such products could not be sold on account of restrictions owing to its non-essential nature.

Ability to Service Debt

- The Company has availed moratorium on some of its repayments to tide over the cash flow shortfall on account of the lockdown. However, it expects that once cash flows normalize, it will be able to service its debt obligations. The extension of moratorium will also help ease the cash flow situation.

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 products. Furthermore, there was a substantial cost increase in the supply chain as transporters charged extra during the initial period of the lockdown. However, the situation is gradually normalizing as the supply chain stabilizes with the gradual relaxation of the lockdown measures.

Demand for Products

- While the demand for battery has been satisfactory in the months of April-May due to the essential nature of the category, demand for flashlights is expected to also be good primarily due to the cropping season in rural areas.
- The Company anticipates strong demand for domestic batteries to continue due to BIS becoming mandatory resulting in reduction of imports of cheap Chinese batteries, This trend had begun in the pre COVID period and should now continue with the economy opening up.
- Demand for lighting and appliance products may be impacted in the short term as consumers are more likely to spend money only on things which are necessary and would defer the any non-essential expenditure due to loss of income.
- However, traditionally the demand for lighting and appliance products are skewed towards the festive season. The Company is hopeful that by such time, the situation may stabilize and usual scale of demand for lighting and appliance products would be restored.

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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, No material impact arising from non-fulfilment of obligation by any party in existing contracts or agreements, is foreseen, at present.

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

Thanking You,

Very truly yours,
EVEREADY INDUSTRIES INDIA LTD.,



(T.PUNWANI)
**VICE PRESIDENT – LEGAL &
COMPANY SECRETARY**