

Dated, 02 July, 2020

REF: ETL/BSE/R30LODR/20-21

The Corporate Relationship Department,
BSE Limited,
Floor 25, Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400001.

Dear Sir/Madam,

Sub: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) - update on impact of COVID19 on the Company

Pursuant to Regulation 30 of the Listing Regulations read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020, the Management has made an assessment of the possible impact of COVID–19 pandemic and the resultant lockdown on the business of the Company which is as follows:-

1. Impact of CoVid-19 pandemic on the business

The CoVid-19 pandemic and the country-wide lockdown imposed to fight it have impacted the Company's business. Due to the uncertainty around the situation, and the spreading of Covid on a daily basis, the company is facing many challenges and are trying to manage the cash and liquidity issues and reorienting its operations wherever possible with the support of employees, customers, vendors, bank and all stakeholders.

All facilities of the Company were closed between March 24th and April 24th. The Company had near zero revenues during this period. After April 24th, the Company's factory in Kerala started functioning to limited capacity, in adherence to Central, State and Local Government regulations and protocols.

During the month of May, based on the relaxation in Lockdown Conditions announced, The Company has resumed operations partially and started billing. The operations at manufacturing locations at Oonnukal and Vannappuram have started with day-shift basis within the conditions as applicable. Offices at other areas are being operated with limited staff while others work from home and Branch offices have started retailing except in containment Zones.

2. Ability to maintain operations including the factories/office spaces functioning and closed down

As mentioned above, all facilities of the company went into shutdown, including factories, sales offices and corporate offices. During the lockdown period, the Company made

Eastern Treads Ltd.

CIN : L25119KLI993PLC007213

Reg. Office: 3 A, 3rd Floor, Eastern
Corporate Office, 34/137 E, N H Bye-Pass,
Edappally P. O., Kochi, Kerala - 682 024, India.

Factory : Oonnukal P.O, Kothamangalam
Ernakulam, Kerala - 686 693.

Phone : +91 484 3001 100
E-mail : treads@eastern.in
Web : www.easterntreads.com
Phone : +91 485 2855 448

adequate arrangements for employees in office-based roles to effectively work from the safety of their homes.

Prior to reopening any facility as and when permitted, the Company took all appropriate measures to ensure the safety of its employees at all its workplaces. Actions taken include:

- ☞ Sanitization of workplaces
- ☞ Screening of employees coming to work, provision of thermal scanners
- ☞ Wash/ sanitization points
- ☞ Frequent communication to all employees regarding safety protocols, including use of Arogya Setu app
- ☞ Limiting attendance to essential and low-risk staff
- ☞ Infrastructure enhancements at workplaces to minimize contact
- ☞ Implementing social distancing measures in all aspects of work

We expect that it will take a few more weeks to operate in normal capacity. There will be a lead time for some of the factory workmen to be able to return to work. Over the next few weeks, the Company is hopeful of ramping up production.

3. Estimation of the future impact of CoVID-19 on its operations

Due to the uncertainty around the situation and is changing dynamically, the actual impact on the operations cannot be assessed at this point. The Company is not in a position to gauge with certainty how the evolving situation will influence its operations going forward. However, as a cost saving product for fleet management our products regaining its demand in the market and the company is anticipating better orders in coming months. The Company will take all efforts to adapt to the changing business environment and respond suitably to fulfil the needs of its customers.

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

The Company is well positioned to fulfil its obligations and existing contracts/arrangements. At present, we do not foresee any material impact arising from non-fulfilment of obligation by any party in existing contracts or agreements.

5. Impact on profitability, liquidity position, ability to service debt & other obligations. Financial reporting & controls

The Company is in a comfortable liquidity position to meet its commitments. There could be impact of increased input costs due to changes in current market scenario and hence, there will be some impact on our profitability in the short term; however, it is difficult to assess the exact quantum at this stage. The Company has taken adequate measures across the organization to control costs, and to address any evolving situation resulting from the pandemic. The Company does not foresee any significant challenge in realizing/recovering its debtors, inventory, and other assets. All internal controls and controls over financial reporting are reporting in a satisfactory manner.

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The financial results for Q1 of FY 2020-21 will be adversely impacted due to shutdown period in the quarter. However expected financial impact for the FY 20-21 is not ascertainable at this stage. The future depends on how the society respond to coronavirus and its economic outcome. With the measures to protect the industries especially the MSME sector, we are expecting speedy release of receivables from the Government Sectors and more support from Bank

The Company has availed the moratorium announced by RBI for the Term Loan and vehicle loan instalments including interest and Working Capital interest. Relaxation in the due dates for payment of GST, TDS, TCS and other statutory payments helped the company to conserve the cash within the Company. This further enabled the company to brought in the much needed liquidity into the system and to take care of its work force. Payment of wages were made for the days worked and according to their attendance. Compared to April, the month of May was relatively better month in terms of production and collections.

Towards the financial remedial measures the Company is taking all steps to speeding up collection of receivables and utilising the credit facilities offered by bank to the extent possible. To supplement the net working capital and to meet operational liabilities the company has decided to avail Guaranteed Emergency Credit Line as an additional working capital term loan facility, with the applicable repayment period of 4 years with a moratorium for a period of 12 months.

There is considerable improvement in June as compared to April and May. The prevailing slowness enable further adoption of cost-effective re-treading solutions by fleet owners and other customers, thereby expanding the market for organized sector players such as Eastern Treads. The Management and Directors are actively engaged and would continue to closely monitor the future developments, with a view of reducing the impact of COVID-19 on the operations. Further, Eastern Treads Ltd, being part of a larger business conglomerate, "Eastern", the company is anticipating its promoters support in case of any adversity.

Kindly take note on the same.

Thanking you,
Yours faithfully

For Eastern Treads Limited

Baiju T
Company Secretary

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