

EVEREADY >>>
INDUSTRIES INDIA LTD.

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E-mail : contactus@eveready.co.in
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January 20, 2021

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 - 700 001

Dear Sirs,

This has reference to the Disclaimer of Opinion in the Auditor's Report on the financial statements/results wherein the Company's Statutory Auditor has given a Disclaimer of Opinion on the basis that they were unable to obtain sufficient appropriate audit evidence regarding the extent of the loss allowance / impairment to be recognised on the inter-corporate deposits ("ICDs") and the advances given by the Company to certain companies that are part of the Promoter Group and of the potential liability, if any, to be recognised for the corporate guarantees ("CGs") and post-dated cheques ("PDCs") as given and the consequential impact of the aforementioned transactions on the financial statements/results of the Company to which clarifications and estimation of the aforesaid disclaimer of opinion has been provided by the Company.

Further to certain clarifications sought by the Securities & Exchange Board of India (SEBI) from time to time, from the Company in relation to: (i) outstanding ICDs, CGs and PDCs extended to/ on behalf of certain promoter group entities; and (ii) advances extended under a memorandum of understanding for the proposed assignment of a leasehold interest in a property and further to our letter dated September 5, 2020, the Company submits that it has taken necessary steps in relation to the recovery of the above and placed the requisite steps as recommended with the details and status as of August 31, 2020, before the shareholders for information, at the Annual General Meeting of the Company held on September 29, 2020.

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The Company now provides the following for necessary information.

1. The details of the outstanding principal and interest amounts of the inter-corporate deposits (“ICDs”), post-dated cheques (“PDCs”) and corporate guarantees (“CGs”) given to/ on behalf of group companies, steps taken by the Company for recovery of the above amounts and the repayment schedule:

The details of the outstanding principal and interest amounts of the inter-corporate deposits ICDs, PDCs and CGs given to/ on behalf of group companies as of September 30, 2020 (in terms of the Disclaimer of Opinion issued for the financial results as of the said date) are as follows:

The outstanding principal and interest amounts of the ICDs extended by the Company:

Name of the Borrower	Outstanding Principal (Rs. In Crs)	Outstanding Interest (Rs. In Crs)
Babcock Borsig Ltd.	76.00	26.64
McNally Bharat Engineering Ltd.	NIL	4.12
Williamson Financial Services Ltd.	NIL	1.47
Williamson Magor & Co. Ltd. (WMCL)	NIL	0.22
Seajuli Developers & Finance Ltd. (SDFL)	121.80	35.07
Woodside Parks Ltd	1.36	0.20

	Outstanding (Rs. In Crs)	Outstanding Interest (Rs. In Crs)
Recoverable from SDFL *	149.00	21.95
Recoverable from WMCL **	6.59	0.36

Note:

*The post-dated cheque of Rs. 149.00 Crores given on behalf of Seajuli, has been cancelled and upon cancellation of the same the amount of Rs. 149.00 Crores is converted as recoverable from Seajuli.

**An amount of Rs. 7.59 Crores on behalf of WMCL, inclusive of Rs. 2.09 Crores paid for SREI Infrastructure Finance Ltd. and Rs. 5.50 Crores paid to Luxmi Township and Holdings Ltd., in connection with the respective guaranteed obligations extended by the Company on behalf of WMCL, has been converted as recoverable from WMCL. Further, an amount of Rs. 0.99 Crores has been adjusted from the amounts payable to WMCL, towards Management Fees and accordingly the amount recoverable from WMCL stands reduced from Rs. 7.59 Crores to Rs. 6.59 Crores as of September 30, 2020.

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Corporate Guarantees provided as of September 30, 2020

Name of the Borrower	Amount of Outstanding Guarantee (Rs. In Crs)	Name of the Creditor
WMCL #	8.59	Luxmi Township and Holdings Ltd.
Woodside Parks Ltd.	70.00	RBL Bank Ltd.

#On payment of Rs. 5.50 Crores to Luxmi Township and Holdings Ltd., as mentioned above, the outstanding amount of the said guarantee stands reduced to Rs. 8.59 Crores.

Post Dated Cheque (PDC) as of September 30, 2020

Name of the Borrower	Amount of PDC (Rs. In Crs)	Name of the Creditor
WMCL##	47.91	SREI Infrastructure Finance Ltd.

The PDC was dishonoured on presentation. Payment of the guaranteed obligation of the Company to SREI, in terms of a settlement arrangement in process, would stand recoverable from WMCL effective the respective dates of payment.

Steps taken by the Company for repayment and repayment schedule:

After taking the views of its legal advisors, as a preliminary step towards the process of the recovery, the Company has issued letters to all borrowing entities requiring them to provide to the Company, a specific plan for repayment of the amounts outstanding, along with definitive timelines for such repayment, failing which the Company will take necessary action based on appropriate legal advice.

In response to the Company's letters demanding for a specific plan for repayment of the outstanding amounts, along with definitive timelines for such repayment, the borrowing entities have affirmed their commitment to repay the outstanding amounts of ICDs and have requested for time till March 31, 2021 to repay such dues, on account of the unprecedented circumstances caused by the Covid-19 pandemic and the widespread disruptions and lack of liquidity in the market caused by it and assured that in view of the corporate restructuring in process, at the group level, the respective outstandings would be duly addressed.

The Company has been informed that a promoter group level restructuring is under way through which the promoters of the Company are exploring the possibilities of capital infusion into certain group companies and monetization of certain assets of group companies to address all outstanding liabilities and obligations of the group companies, including the outstanding ICDs and advances and any potential liability related to the guarantees/post-dated cheques, due to the Company and that on account of the widespread disruptions caused by Covid-19 globally and the ensuing lockdown in India, the proposed restructuring/ capital infusion have been slightly delayed.

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CIN : L31402WB1934PLC007993

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Keeping in mind the assurances of the borrowing entities to repay the outstanding dues and the widespread economic fallout caused by the Covid-19 pandemic on the industry, the economy and the group companies, the Company has agreed to provide time till February 28, 2021 for repayment of the outstanding dues, failing which the Company shall initiate necessary steps for recovery after taking the requisite legal advice on the same.

As part of the recovery process the Company has also been repaid certain outstanding amounts by some of the borrowing entities in November and December 2020. Further, the Company has also adjusted management fees payable by the Company to one of the borrowing entities as part adjustment against the outstanding dues of such borrowing entity.

In the event that the outstanding dues are not repaid within the aforementioned timelines, the Company shall ensure that all necessary steps for recovery are undertaken by the Company, as per the advice of its legal counsel.

2. Status of the MoU entered with Seajuli Developers Limited for assignment of leasehold rights of a property and the steps taken by the Company to recover the advance paid to the entity:

As regards, the MOU for assignment of the leasehold interest is concerned, the Company had decided that if the counter-party fails to fulfill its obligations under the MOU/ assign the leasehold rights of the property on or prior to September 30, 2020, the Company would rescind/cancel the MOU effective October 1, 2020, basis which the counterparty has to refund the money paid by the Company as part payment towards the total consideration, failing which the Company will take necessary action for recovery of the advance paid, based on appropriate legal advice.

The Company has since cancelled/ terminated the said MOU with Seajuli Developers and Finance Ltd ("Seajuli") on October 1, 2020 and has demanded Seajuli to repay the advance paid as part consideration under the MOU within 10 days. Seajuli had requested the Company to provide time till December 31, 2020 to refund the advance, on account of the difficulties being faced by the Covid-19 pandemic. However, the Company decided not to grant any extension in the timeline for refund and accordingly, the Company's legal advisors sent Seajuli a legal notice demanding the refund of the advance amount paid by the Company. Since Seajuli failed to repay the advance within the timeline stipulated under the legal notice, the Company has initiated legal proceedings for recovery of the said advance from Seajuli, as per the advice of its legal counsel. The matter is sub-judice.

The above compliance is for your information and records.

Very truly yours,
EVEREADY INDUSTRIES INDIA LTD.



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

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