

To,
The Secretary
Bombay Stock Exchange
P.J. Towers, Dalal Street
Mumbai – 400001

Date: 14th August, 2020

Scrip Code - 506642

Subject: Disclosure under Regulation 30 of SEBI (LODR), 2015

Ref:

- **SEBI/HO/CFD/CMD1/CIR/P/2020/84**
- **Advisory on disclosure of material impact of COVID–19 pandemic on listed entities under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir,

With reference to the subject and **SEBI/HO/CFD/CMD1/CIR/P/2020/84 [Advisory on disclosure of material impact of COVID–19 pandemic on listed entities under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]** and in our endeavor to ensure that all material information about the impact of COVID-19 and the resultant lockdown on the company and its operations is communicated in a timely and cogent manner to its investors and stakeholders, we have mentioned below in detail the disclosure regarding the impact of the pandemic, including that on financial condition and results of operations, future operations, capital and financial resources, liquidity, assets, internal financial control over financial reporting and disclosure controls and procedures, demand for products/services etc.

The disclosures made are estimations based on initial impacts of the pandemic on the business, performance and financials, both qualitatively and quantitatively.

You are requested to take the same on record and disseminate the same.

Further we would also endeavor to specify/include the impacts of the pandemic on the financial statements to the extent possible as advised in the Circular which will be submitted in due course.

Following are the brief details relating to the impact of the COVID-19 pandemic and the resultant lockdown, on the operations of the Company:

A. Impact of the CoVID-19 pandemic on the Business:

Hence following are difficulties faced by company under this Lockdown period due to Covid 19 are as follows:

1. **Operation in India :** Due to outbreak of Covid-19 a Nationwide Lockdown was been imposed by the Government of India vide MHA Order w.e.f. 21st March and thereafter it was only during mid of May 2020

it had granted permission to certain extent to run the factory. Since the Lockdown period all our business operation remained on standstill and was disrupted till mid of May 2020. The company had faced the following difficulties while operating its business during this lockdown period and have suffered a huge financial hardship.

- a. **Shutdown of Operation:** Due to this Nationwide Lockdown the Company Office and Factory were completely closed from 18th March till 1st May 2020 in order to comply with the government guidelines. Due to such shutdown company have faced huge financial losses as all its operation came to standstill.
- b. **Not able to dispatched the Finished Goods:** During such initial Lockdown period the Company was not able to dispatch the finished goods lying in the factory premises to its customers due to Nationwide Lockdown. Thus it has incurred huge financial losses to maintain the operational cost.
- c. **Loss of Sale/ Income:** During the period of Lockdown the company have faced loss in sale and income by cancellation of many export orders. This has resulted into loss of sale and income for the company;
- d. **Negative Cash flow:** As the Company was not able to dispatched ready goods many export orders had been cancelled and this has resulted in huge decrease in cash flow and had badly affected the Liquidity of the company;
- e. **Difficulty in payment of Salaries/Wages:** Due to lack of fund and loss of sale/income the Company was really facing a huge difficulty to pay the Salaries/Wages to its all Employees / Workers for the month of March onwards;
- f. **Minimum staff resources to run the factory:** As per Government (Ministry Home Affairs) MHA Guidelines, the Government had allowed to operate the Factory with all Safety and Security measures to fight against the Covid-19. Hence, we started our operation at our Factory with 50% of its previous capacity only. Hence company was not able to operate at its full extent to meet its minimum operating cost. Due to outbreak of Covid-19, many workers have migrant from Bangalore to other states like Uttar Pradesh, Bihar, and Rajasthan etc. Hence due to such migration the Company had to face the shortage of workers for the operation of factory. However, the safety of employees who are now required to step out for work is being ensured and they have been mandated to use protective gear and take all safety precautions. All employees have been instructed to download the [Aarogya setu](#) app launched by the Government of India.

g. **Lack of assistance from Government:** The Government had introduced the Stimulus Package for the revival and survival of the Economy. However, major assistance under such Package was been assigned to MSME Sector and thus the company have not received any substantial benefit under such severe business conditions.

2. **Financial resources, profitability and liquidity position:**

Due to loss of Income/Sale and negative cash flow it is now very difficult for the company to operate and to manage even the minimum operational cost. Due to lack of demand in the demand in the market for the garments all the major Export Orders are either on standstill or are been cancelled for time being. This has caused a huge financial setback to the company to maintain its survival.

3. **International operations:**

All our Export Sale operations in the various international markets where the Company operates have been impacted to varying extent based on the spread of the pandemic and the restrictions on business activities placed by the respective Government authorities in these countries. At this point in time, the duration for which these restrictions will remain in place is uncertain and resumption of full-fledged operations will depend upon directives issued by the respective Government authorities.

4. **Steps taken to ensure smooth functioning of operations:**

We, are currently following on strict basis all the norms laid down by the government as a measures towards the COVID-19 and we further assure to take all necessary steps towards safety, security and hygiene of our people during the execution of work. Being an FDI, it's our prime responsibility to follow all regulations of the government of India and thus the company is strictly following the norms to assure safety and security as per guidelines prescribed for the prevention of pandemic diseases of COVID-19 by taking following measures:

- a) Must wearing of Face Mask or reusable Cloth;
- b) Checking of Body Temperature of employee/worker entering the Factory premises by our Laser Thermometer Gun on regular basis;
- c) Applying of Hand Sanitizer as and when in and out of factory premises;
- d) Practice of frequently Washing Hand with soap and water or use of alcohol based hand rub sanitizer;
- e) Keeping distancing of more than 2 meters;

- f) Gathering of 5 or more person at any place in the Plant premises is prohibited;
- g) Vacating of persons as and when the work is completed.

The Company has taken all necessary steps to adhere to the guidelines for social distancing provided by Ministry of Home Affairs along with the various directives issued by relevant Government authorities and has put in place safety measures keeping in mind safety, health and well – being of the employees and other stakeholders at all our locations.

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

Considering the fact that the situation is exceptional and is changing dynamically, the Company is not in a position to gauge with certainty, the future impact on its operations. However, the Company is confident that if the restriction in the International Market for Export is not levied then a major setback will be caused to the company and shall not be in position to meet the operational requirement of the company. Considering the current pandemic situation, company is sure that demand in garments will take some time certainly for pick up.

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

Due to this pandemic situation the company have suffered a huge financial losses and as a result is finding a severe difficulty to operate its business in India. Definitely any agreement related to supplies of raw material and its non-fulfilment will cause a severe financial setback to the company. At present, there might be certain supplier contract/agreements which will have negative impact on the business in case of non-fulfilment of obligations by any party.

This is for your information and record.

Thanking you,

FOR E-LAND APPAREL LIMITED

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