



Date: 01-07-2020

To  
The Manager  
Listing Department  
BSE Limited  
P J Towers, Dalal Street  
Mumbai – 400001

**Scrip Code 539400.**

Dear Sir/Madam,

**Sub: Impact of COVID19 on Company's Business**

We enclose a note detailing the impact of COVID-19 pandemic on the Company's business operations, as suggested by SEBI vide Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20thMay, 2020.

Thanking you,

**For Mallcom (India) Limited**

A handwritten signature in blue ink, appearing to read "Shuvanki Purakayastha".

**Shuvanki Purakayastha**  
Company Secretary

### **Impact of COVID-19 pandemic on the Company's business**

The pandemic has been viewed globally as an unprecedented event, disrupting normal life of citizens, business operations and the economy. The nationwide lockdown that followed necessitated immediate suspension of the Company's operations from 25th March, 2020 across all units barring limited production of Medical PPE. Subsequently however, with directives and relaxations issued by the Central/ State Government, the Company was able to partially resume operations at all its manufacturing units. Engaging closely with district administrations and local authorities, such facilities began operations with a dedicated but limited workforce following stringent implementation of benchmarked best-practice safety protocols. Employee and worker safety received paramount attention, and was strictly monitored.

In the immediate aftermath of the lockdown, anticipated disruptions were experienced. Non-availability of public transport adversely impacted the availability of manpower for manufacture of essential PPE. There was also an initial shortage of vehicles for transportation to and from the Ports which marginally impacted the Companies export earnings in FY 2019-20 as the Company had to delay shipments to April 2020. However the impact of these disruptions on the financial results of FY 2019-2020 was negligible.

With the consequent and progressive relaxations in the nature of lockdown, the Company responded with agility, speed and resilience, together with a structured process of proactive planning, to operate in the 'new normal' and resumed effective operations across sourcing, manufacturing, logistics and distribution throughout the country in all permitted areas as well as abroad. The Company has scaled up manufacturing of essential PPE including face masks and medical overalls. All the units of the Company are now operational and the related sales and distribution infrastructure are progressively normalising. The Company is well poised to address the growing demand for its products and services, and a process of strategic scenario planning is in place to respond to the dynamic situation given the uncertainty posed by the pandemic and the consequent disruptions that may take place.

Amidst an unprecedented environment marked by heightened uncertainty, the Company's businesses had to not only manage the crisis situation and protect its infrastructural and human assets effectively, but also remain extremely nimble in discerning emerging trends, spotting opportunities, managing risks in a dynamic manner and act with great swiftness and agility. The Company has been alert in tracking the evolving changes so as to identify emerging needs and are crafting new strategies, fashioning new business models and innovating products and processes to continuously add larger stakeholder value in the new normal.

### **Ability to maintain operations and schedule, if any, for restarting the operations**

As on date, all manufacturing units of the Company are operational and are able to completely service the emerging consumer/customer demand scenario. Given the unpredictable and evolving pandemic scenario, temporary disruptions may occur in some locations and units from time to time. However, robust and proactive scenario planning processes are in place to quickly respond to such a dynamic context. The ability to speedily resume operations in difficult circumstances demonstrates the resilience of the Company, and is testimony of the dedication and commitment of its employees and trade partners. Senior management reviewed strategic, operational, financial matters as well as matters relating to employee well-being, health and safety on a regular basis. Recognising that the welfare of partners, associates and employees were paramount, the levels of engagements were heightened and specific assistance provided to ensure smooth functioning. In addition, 'Work from Home' was facilitated for personnel other than those involved in factory operations and field staff in the supply chain. Effective deployment of IT and digital resources, seamlessly connecting employees, ensured effective continuity of operations even while working from home.

## **Estimation of the future impact of CoVID-19 on the operations of the Company**

The future impact on the business operations is difficult to assess at this point, as the situation is fast unraveling and is uncertain. In the first quarter of 2020-21, the company experienced significant dip in turnover on quarter on quarter basis. The volume however has started to pick up and it is expected to go back to pre-covid levels very soon provided there are no further disruption in the near future due to another industry lockdown. Nevertheless, the Company is well prepared to face challenges and cater to the emerging needs of its customers. The Company continues to closely monitor the situation and will take necessary steps as may be required from time to time.

## **Impact on capital and financial resources, profitability, liquidity position, ability to service debt and other financial arrangements**

The Company is debt-free and has a strong Balance Sheet and liquidity position. It also has a robust track record of cash generation and remains the one of the major players in the PPE industry. In light of the current situation, these interventions are being supplemented by bringing extreme focus on costs and cash conservation and the elimination of discretionary/non-essential spends and deferring/curtailing activities in the short-term without compromising business outcomes. Creating a safe ecosystem and ensuring employee safety and well-being are top priorities for the Company. This, inter alia, entails additional operating costs in the form of safe transportation, masks, sanitisers, PPEs, IT connectivity and infrastructure, relatively lower output in manufacturing facilities due to social distancing protocols, incentives etc. The exact quantum of such costs is difficult to be determined at this stage. The Company does not foresee any incremental risk in realising/recovering the value of its assets at this stage. Internal financial controls and reporting processes continue to be robust.

## **Fulfillment of existing obligations**

The Company is well positioned to fulfill its obligations with respect to existing and material contracts and agreements. At present, the Company does not foresee any risk of non-fulfillment of obligations by any party which could have a significant impact on its financials.

## **Other relevant material updates**

The Company does not have any further updates at this time. It will promptly advise the Stock Exchange on subsequent material developments in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from time to time.

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