

June 30, 2020

<b>To,</b> <b>Bombay Stock Exchange Limited</b> P.J. Towers, Dalal Street, Fort, Mumbai - 400 001.	<b>To,</b> <b>Corporate Relationship Department</b> <b>National Stock Exchange Limited</b> Exchange plaza, Bandra Kurla complex, Bandra (E) Mumbai 400051
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**Sub: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Disclosure relating to impact of CoVID–19 pandemic on the Company**

Dear Sir,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20th May 2020, an update relating to the impact of the COVID-19 pandemic and the resultant lockdown, on the operations of the Company and the current status is attached.

This is for your information and record.

Thanking you,

Yours faithfully,

**For Vakrangee Limited**

**Sd/-**  
**Mehul Raval**  
**Company Secretary**  
**(Mem. No.: A18300)**

## **COVID-19 Pandemic Situation- Update on Operations:**

### **A. Impact on the business**

Global disruptions caused by COVID-19 combined with a total nationwide lockdown had resulted in a significant economic contraction in India. Under the Epidemic Diseases Act, 1987 that was invoked by the Government, all Non-Essential service providers / officers need to follow restraint and remain closed. However, sector providing essential services has seen relatively lesser disruptions being part of essential items such as Banking and ATM, Food & Groceries, Hospitals, Medical stores and centres, telephone and internet services.

We would like to highlight that Government had specifically included our services under Essential services and allowed all our Vakrangee Kendra outlets to be operational as they are providing emergency essential services like Banking, ATM, Digital Healthcare, Online Pharmacy & Online ordering of Groceries and thus helping the citizens of the country, thereby serving the nation.

However, during the initial 3 weeks, starting 15<sup>th</sup> March onwards till 1<sup>st</sup> week of April, the business operations of the company were substantially hit due to Lockdown and lack of clarity on inclusion of BC points as essential services at the ground level. Further, arranging store opening permissions and documents such as passes to travel etc, Franchisee awareness as well as arrangement of all the safety protocols at the stores took some time and store operations stabilized by the second week of April. After establishing proper store opening permissions, implementing thorough and well-rehearsed safety protocols, the stores were fully operational by the second to third week of April.

During such a crucial crisis situation of Covid-19 Pandemic, our more than 10,000 Vakrangee Kendras were operational to provide the key essential services and thus serving the Nation. 70% of our outlets are in Tier 5 & 6 Rural locations thereby benefiting the unserved and underserved bottom of the Pyramid population.

Our Vakrangee Kendra outlets have been a one stop shop providing key Essential services such as –

- Banking Services
- ATM Services
- Online Pharmacy (Limited availability of this service due to delivery challenges)
- Telemedicine health services – Including Unlimited Tele & Video Consultation with expert doctors & Home Blood test facility
- Online shopping of Groceries (Limited availability of this service due to delivery challenges)

During the period of lockdown between 2<sup>nd</sup> week of April till 1<sup>st</sup> week of June, our key essential services like Banking, ATM and Tele-medicine services have been operational however other key services like Assisted Online shopping, Online Pharmacy, Travel services and Logistics have been completely closed and substantially affected because of the on-ground field level delivery challenges and travel services being closed due to the lockdown situation.

Post 8th June, as the Unlock 1.0 exercise has begun, although there are still field level and delivery challenges, we are striving our best efforts to keep these Essential services available across our network of stores.

We believe our Brand awareness and store awareness has increased significantly during this period of COVID-19 pandemic as our kendras have been open and are providing key essential services in their neighborhoods, due to which we believe we shall emerge as the store of choice for our customers.

Further, now as the situation improves and unlock 1.0 has begun, we expect our services to normalize and business growth momentum to improve going forward.

**B. Schedule, if any, for restarting the operations and steps taken to ensure smooth functioning of operations**

As earlier mentioned, we have been successful in opening more than 10,000 of our outlets during this period of lockdown since we are providing essential services. However, the service offering at our outlets was limited as majorly only Banking and ATM services were operational whereas other key services like Online shopping, online pharmacy, Travel services and Logistics were closed due to on ground delivery challenges and travel ban amidst Lockdown.

This makes us one of the very few companies globally who are fully operational during a lockdown and providing key emergency and essential services to the citizens in the most environment friendly manner at the remotest parts of the country thereby serving unserved and underserved parts of the country. At the same time, health of our franchisees and customers is important to us and all our Vakrangee Kendras are maintaining complete safety protocols and also maintaining proper hygiene at the outlets.

As the Lockdown restrictions have eased since 8<sup>th</sup> June and Unlock 1.0 has begun, we have initiated and started all other services as well, however still there are field level delivery challenges as well as Travel services still remain closed.

The Company had released detailed Guidelines and safety protocols to be followed by all the Franchisees. These protocols include allowing limited number of persons inside the stores basis Social distance markings done at the outlet and outside the outlet, sanitizing before and after every transaction for customers, compulsory use of face masks, gloves etc.

All our Kendras are working and strictly following the guidelines issued by the Central and State Governments. The Corporate office and state offices of the company have remained closed during this entire period of Lockdown and work from Home policy has been implemented throughout this period. Our Head Office and State offices are completely closed since 20th March 2020 and employees are working from home and providing necessary and critical support to ensure that the operations of the Company run seamlessly.

### **C. Estimation of the future impact of CoVID-19 on its operations**

We believe our Brand awareness and store awareness has increased significantly during this period of COVID-19 pandemic as our kendras have been open and are providing key essential services in their neighborhoods, due to which we believe we shall emerge as the store of choice for our customers for all their Essential needs. Further, now as the situation improves and unlock 1.0 has begun, we expect our services to normalize over the next couple of months and business growth momentum to improve going forward.

Due to our enhanced visibility during this lockdown period and an aggressive marketing campaign done over the last 6 months, the Company has received an overwhelming response on the same and has received huge number of new enquires for NextGen Vakrangee franchisee model.

Under Pradhan Mantri Mudra Yojana (PMMY) the Banks have started to extend finance to the micro enterprises which are in the business of manufacturing, trading and service sector in rural, urban & metro areas. The Loans covered under MUDRA scheme are collateral free loans. This is a huge boost to our potential franchisees, thereby easing the On-Boarding process for our potential franchisees.

The company believes and is very confident to achieve its store expansion targets well before the stated timelines. The Company has a planned target of opening 3,00,000 outlets by 2025 and will be opening in a batch of 25,000 each.

Due to the overwhelming response received on the new enquiries, the Company has already initiated the on-boarding to Go-live process of these outlets and have already begun the preparation on key requirements to achieve this feat.

### **D. Impact of COVID-19 on capital and financial resources, profitability, liquidity position, ability to service debt, assets and internal financial reporting and control**

The Company is in a comfortable liquidity position and remains a Debt Free Company. The strong balance sheet of the Company is a key differentiator in the current economic environment. From operational perspective, Company has discharged all its obligations in full on payroll (including contractual workers), statutory payments and its creditors in the regular course of business. There is no impact on capital and financial resources of the company. Company continues to adequately maintain all internal financial and reporting controls and none of our assets have been impacted or impaired as a result of the pandemic. The Company do not anticipate any medium to long term risk in the Company's ability to continue as a going concern and meeting its liabilities as and when they fall due.

**E. Impact of COVID-19 on supply chain**

There has been disruption in the supply chain and few challenges in the procurement of the Hardware equipment's for the kendra outlet. Most of these equipment's are imported and are assembled in India. However, Company has already begun the preparation since COVID-19 pandemic situation and total nationwide lockdown started on the future requirements of key equipment's including ATM machines and Strong balance sheet enables the Company to support its vendors to meet projected requirements and financially during this crisis.

**F. 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 capitalized and well positioned to fulfill its obligations and also does not foresee any significant impact on the business due to non-fulfilment of the obligations by any party.

**G. Annual Audited Accounts – FY 20**

Generally, the Company publishes its annual audited accounts by second or third week of May of each year. However, due to the current situation, it is expected that the Board meeting to adopt the accounts is planned to be held in the month of July.

**For Vakrangee Limited**

Sd/-  
**Mehul Raval**  
**Company Secretary**  
**(Mem. No.: A18300)**