

MEGASTAR FOODS LTD.

Registered Office : Plot No. 807 Industrial Area Phase-2, Chandigarh-160 002
Works : Kurali-Ropar Road, Village Solkhian-140 108, Distt. Roopnagar, Punjab
Ph. : +91 1881 240401 (6 Lines) E-mail : info@megastarfoods.com



To,

Date 03.06.2020

The Compliance Department,
B.S.E. Ltd.,
P.J. Towers, Dalal Street,
Fort, Mumbai-400 001,
Maharashtra, India.

(Ref.: Megastar Foods Limited, Scrip Code: 541352, Security ID: MEGASTAR)

Subject: **DISCLOSURE OF MATERIAL IMPACT OF COVID-19 PANDEMIC ON COMPANY**

Ref: Intimation under Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

Pursuant to SEBI Circular SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020, please find enclosed herewith disclosure on material impact of COVID-19 pandemic on the Company.

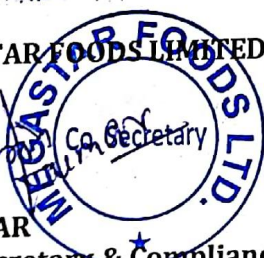
The above is for your information and record.

Kindly Acknowledge Receipt.

Thanking you,

For, MEGASTAR FOODS LIMITED


ROBIN KUMAR
Company Secretary & Compliance Officer



Certified by:



MEGASTAR FOODS LIMITED

DISCLOSURE OF MATERIAL IMPACT OF COVID-19 PANDEMIC

Pursuant to the SEBI Circular SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020 on disclosure of material impact of Covid-19 pandemic are as follows:-

S. No.	PARTICULARS	DISCLOSURES
1.	Impact of the Covid-19 pandemic on the business	Company's main business is manufacturing of food product, which comes under the essentials services as per the MHA order No. 40-3/2020-D dated (24.03.2020) and are exempted from lockdown, but Company is able to work at 75% of its total capacity, due to impact in the Corporate Demand.
2.	Ability to maintain operations including the factories/ units/ office spaces functioning and closed down;	The Company continued its operations with reduced resources and fixed expenses, adhering to the safety norms prescribed by Government of India, fulfilling local demand, as the corporate demand was very less since March 23, 2020 due to lockdown.
3.	Schedule, if any, for restarting the operations	
4.	Steps taken to ensure smooth functioning of operations	The Company is taking utmost care of its staff and work force like sanitization, social distancing, mandatory mask wearing, thermal check at the gate, maintaining proper hygiene. Supply chain is being monitored to ensure availability of material. We have taken cash flow, capital expenditure and overhead control measures to smoothly manage our operations.
5.	Estimation of the future impact of Covid-19 on its operations	April - June' 2020 being lockdown months, the revenues and profitability of the Company are likely to be impacted to some extent. As the business situation is very dynamic, the company is closely monitoring it. Though we do hope the business situation should normalize in subsequent period.
6.	Details of impact of Covid-19 on listed entity's:-	
6.1.	capital and financial resources	The Company's capital and Banking facilities remain intact. There are no liquidity concerns as we have sufficient unutilized Banking limits available.



		However, the company is witnessing delay in receivable collection from buyers as buyers are extending payment terms.
6.2.	Profitability	In view of lock down, the profitability during 1st half year (April to September) is likely to be impacted to some extent. As the business situation is very dynamic, the company is closely monitoring it.
6.3.	liquidity position	As explained above, there are no liquidity concerns as we have sufficient Banking limits available. However, due to our receivable getting delayed, the cash position will be under stress. The company do hope cash position to be normal by next half year.
6.4.	ability to service debt and other financing arrangements	The Company has sufficient unutilized working capital limits to meet financial requirements. Though the cash position is challenging, with our limits and tight control over expenditure, the company will be able to serve its debt and other financing arrangement.
6.5.	internal financial reporting and control	The Company has taken Cash flow control and overhead control measures to manage the operations, weekly review mechanism adopted to review the account receivables and measures taken to control the capital expenditure.
6.6.	demand for its products/services	There is temporary reduction in demand due to lock down, which we expect to improve post lockdown.

