

# MILKFOOD LIMITED

5th Floor, 91, Bhandari House, Nehru Place, New Delhi-110 019  
Ph.: 26460670-4 / 26463773 Fax : 011-26460823  
E-mail : milkfoodltd@milkfoodltd.com, Website : www.milkfoodltd.com  
CIN : L15201PB1973PLC003746

Date: 17.08.2020

The BSE Limited,  
Corporate Relationship Department,  
1st Floor, New Trading Ring,  
Rotunda Building, P.J. Towers, Dalal Street,  
Fort, Mumbai- 400 001  
022-22723121, 2037, 2061

## **Scrip Code No. - 507621**

### **Re :Disclosure of material impact of COVID-19 Pandemic**

Dear Sir,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20<sup>th</sup> May, 2020, we would like to inform you and all our Stakeholders that the COVID -19 Pandemic and the consequent lock-down restrictions imposed by the Central and State Governments from time to time have impacted the business in general.

The brief details relating to the material impact of the COVID-19 Pandemic on the operations/ business of the Company, as per the SEB Circular No. SEBI/HO/CFD/CMD1/CIR/ P /2020/84, is as follows:

#### **(i) Financial Impact with respect to Q4—FY2019-20:**

- With the lockdown announced from 25<sup>th</sup> March, 2020, it impacted the operations in the plant because of interstate border restrictions. The plants were functioning because of our product covered under essential goods but restrictions on employees, raw materials impacted the production adversely. Sales got affected adversely and consequently it affected margins and profits. The last quarter sales and profitability were reduced and that substantially reduced the profits.
- The turnover of the company in Q4 was Rs.106.19 Cr (Pr Yr Rs.173.70 Cr) a reduction of Rs.67.51 Cr which is 38.86% reduction over previous year. Similarly PBT was -1.97 Cr (Pr Yr Rs.1.03 Cr) a reduction in profit of Rs.3 Cr. The turnover for the FY20 was Rs.551.41 Cr (Pr Yr Rs.530.59 Cr) but there was dip in the Net Profit which was Rs.8.40 Cr (Pr Yr Rs.10.09 Cr). This was due to the effects of pandemic Covid19.



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## (ii) Financial Impact with respect to Q1 –FY2020-21:

- **Profitability:** The operations of the Company have been impacted due to COVID-19 pandemic and uncertain situation prevailing in the business world. The Company is monitoring the situation on daily basis. However, the sales have compacted and it is going to impact the profits in the first quarter of FY 2020-21.
- The turnover of the company in Q1 was Rs.80 Cr (Pr Yr Rs.132 Cr) a reduction of Rs.52 Cr which is 39 % reduction over previous year. This was due to the effects of pandemic Covid19. Company expects the improvement in the 2<sup>nd</sup> quarter of 2020-21 as markets have started opening up. Similarly the net profit is Rs.0.14 Cr (Pr Yr Rs.3.01 Cr thereby having a reduction in net profit by Rs.2.87 Cr over previous year. This is on account of Covid19 where all markets and malls are not open. There are no marriages are being solemnized and no restaurants are open. Hence lower sales with far less margins in this quarter. Company expects a positive change in the 2nd quarter of FY21 where turnover and margins may improve.
- **Manufacturing Operations:** The manufacturing facility of the Company at Bahadurgarh, Punjab and Moradabad, Uttar Pradesh were functional but production capacities were underutilized because of restrictions on Raw Material supplies because of closure of interstate borders in both the plants. Since restrictions for essential items have been withdrawn, the production has again started but it will take some time to utilize better capacities because of labor problems etc.

### Steps taken to ensure smooth functioning of operations:

- Strict measures ensuring social distancing, hygiene practices and deep cleansing of premises, to ensure the safety of our workers / employees at work place have been implemented.
- Regular guidance is being provided to all the workers and employees of the Company to comply with the safety precautions and health checks are being carried out.
- Manpower:
  - > Consequent upon the announcement of lock down, all the employees of Corporate Office at New Delhi including the field staff members have been advised to work from home.
  - > In line with the various relaxations announced by both the Central and State Governments, the employees attached to the plant location are attending to work in a staggered manner, in line with the Government directives.



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> Company has started work from home from the lock-down several IT training programmes have been organized using the video / audio conferencing for the Corporate Office staff for improving the skills.

- **Capital & Financial Resources:** The covid19 pandemic and restrictions in the UP Delhi borders have impacted the movement of staff and consequently turnover has also reduced. But Company is able to service its financial obligations. There is increase in creditors due to impact of COVID-19, however, presently there is no proposal to raise any further capital / debt.
  - **Assets:** None of the asset of the Company has been adversely impacted.
  - **Internal Financial Reporting and Control:** The Company has robust IT System in place and during lockdown, IT / reporting systems worked seamlessly without any disruption.
  - **Demand for products:** The Company has witnessed a decrease in demand in Quarter 1 FY 2020-21 due to closure/ lockdown in the Country. This is mainly because of restriction on marriages, closure of banquet halls, closure of temples where our ghee is used. We expect the situation to improve in the 2<sup>nd</sup> quarter of FY 2020-21.
- (iii) **Existing contracts / agreements where non-fulfillment of the obligations by any party will have significant impact :None**
- (iv) **Conclusion:**
- With the ease of lockdown in phased manner, the Company expects to gradually comeback to its original level of operations, in the coming months.

You are requested to kindly take the above information on record.

Yours faithfully

For Milkfood Limited

*Rakesh*

**Rakesh Kumar Thakur**  
Company Secretary &  
Compliance Officer



**milkfood**