



GKB Ophthalmics Ltd.

16-A, Tivim Industrial Estate, Mapusa, Goa 403 526 (INDIA)
CIN.: L26109GA1981PLC000469

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GKB/ST-EXCH
June 08, 2020

Department of Corporate Services
BSE Limited
Phiroze Jeejubhoy Towers
Dalal Street
Mumbai - 400 001

Ref : Scrip Code No. : 533212

Sub: Disclosure of material impact of COVID-19 pandemic on the Company under Regulation 30 of SEBI (LODR) Regulations, 2015.

Dear Sir/ Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020, please find below the disclosure on the material impact of Covid 19 pandemic upon the operations of the Company.

- **Impact of the Covid-19 pandemic on the business:**

A lockdown was announced by the Goa State Government on March 23, 2020 and March 24, 2020. Thereafter, the Central Government had announced the lockdown across India from March 25, 2020 , onwards.

In view of ensuring the safety and well-being of its employees/workmen and containment of the spread of the Novel Corona Virus (COVID-19), the Company temporarily shut the working at the registered office and manufacturing unit at Tivim Industrial Estate, Mapusa, Goa, during the period from March 23, 2020 to April 19, 2020 and the same was intimated to the BSE Ltd., vide email dated March 25, 2020.

Shutting down of manufacturing units has adversely impacted the business of the Company during the first quarter of 2020. Due to the aforesaid unprecedented situation, the sales for the month of March, April and May 2020 have gone down by 36%, 96% and 74% , respectively, as compared to the corresponding period of the previous year.

- **Ability to maintain operations including the factories / units/ office spaces functioning and closed down / Schedule , if any, for restarting the operations :**

The factory was non- operational during the lock down period. However, after Goa was declared as Green Zone and after obtaining necessary permissions from the regulatory authorities, the operations have been partially resumed with effect from

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April 20, 2020, with limited manpower and after complying with the necessary Covid-19 guidelines specified by the Government of India and ensuring all the safety measures to safeguard the employees from Covid-19 pandemic. Currently, the Factory is operating with 50% employees with a production of 8500 ophthalmic lenses per day.

- **Steps taken to ensure smooth functioning of the operations:**

The Company is adhering to all the guidelines and safety protocols provided by the Ministry of Home Affairs together with the directives issued by the State Government which includes temperature sensing, wearing face masks, sanitizing and washing hands in the factory and office premises to safeguard the well being of its employees and other stakeholders from spread of Covid-19 pandemic. All Social distancing norms are being followed in the factory and the administrative office.

- **Estimation of the future impact of Covid-19 on its operations:**

The aforesaid temporary closure of the factory and the current production at lower capacity utilization, will have a financial impact on the Company. The Production capacity of the unit is underutilized by 40% as compared to the month of May 2019. The Company sells the semi-finished lenses to the Laboratories, who then sell their products to the retail shops. Most of these retail shops throughout the country have remained closed till June 07, 2020, thereby resulting in marginal sales. Due to supply chain issues, the production and sales is affected adversely. However, the management is striving very hard to minimize this impact and recover the business back on track at the earliest possible. The revival of the business will depend on how soon the overall economy recovers.

- **Details of impact of Covid-19, on listed entity's :**

- 1) **Capital and financial resources:** There is no significant impact on the Capital structure of the Company. The Financial resources existing in the form of bank credit facility remains the same in near future and therefore there will not be any considerable impact.
- 2) **Profitability:** The temporary closure of the factory unit, from March 22, 2020 to April 19, 2020, reduction in production capacity utilization, plummeted sales, under absorption of fixed cost, etc., will impact the profitability of the company in the year 2020-21. The company is and will continue to make efforts to lower the losses and to reinstall a proper supply chain in future.
- 3) **Liquidity position:** The Company had almost paid for the procurement of the imported raw material and fixed cost remains the same. The collection from customers will be impacted which will result in untimely payment from them, leading to cash crunch in the organization.

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- 4) **Ability to service debt and other financing arrangements:** Presently, the Company does not have long term debt. The Company has availed working capital limits with banks. Due to the unprecedented situation arisen due to Covid-19 pandemic, the Company has availed of moratorium of one quarter from the Bank towards payment of interest on working capital.
 - 5) **Assets:** Assets of the Company have not been impacted except the cash and bank balances and sundry debtors due to reduction of sales and business operations.
 - 6) **Internal financial reporting and control:** All the internal financial Controls and reporting systems are operating without any disruption.
 - 7) **Supply Chain:** The supply chain network between the Company and its suppliers and customers has been disrupted due to COVID 19 pandemic. With the underutilized production capacity, untimely dispatch of finished goods and closure of optical shops in containment areas has led to supply chain issues in local markets.
 - 8) **Demand of Products:** The demand for Ophthalmic Lenses has significantly gone down due to lockdown. However, as the lenses are a necessity, the company is expecting that the demand for its products shall pick up very soon.
- **Existing contracts / agreements where non-fulfillment of the obligations by any party will have significant impact on the listed entity's business:**
Currently, we do not foresee any such contracts/agreements, where non fulfillment of obligations by any party , will have a significant impact on the business.
 - **Other relevant material updates about the listed entity's business:**
The Company's Joint Venture Project with SOMO Holdings & Technology Co., Ltd (SOMO Vision Co., Ltd.) has been delayed because of the Pandemic in Korea as well as in India. All efforts are being made to expedite the Project but still will take another six months.

Kindly take the above information on record.

Thanking you,

Yours faithfully,
For GKB Ophthalmics Ltd.

Pooja Bicholkar



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