

MILKFOOD LIMITED

CIN : L15201PB1973PLC003746

5th Floor, 91, Bhandari House, Nehru Place, New Delhi-110 019

Ph: 26460670-4 / 26463773 Fax: 011-26460823

Email : milkfoodltd@milkfoodltd.com, Website: www.milkfoodltd.com

Date: 17.06.2020

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 SE'BI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20th 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/CMDI/CIR/ P /2020/84, is as follows:

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

- With the lockdown announced from 25th 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.

(ii) 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.
- **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

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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 Since restrictions for essential items have been withdrawn, the production has again started but it will take some time to utilize better capacities because of labor problems etc.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.
 - > 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.

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- **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 2nd 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.

 - However the closure of the markets due to COVID-19 may have its adverse impact on the performance of the Quarter 1 FY 2020-21. There will be improvement from the 2nd quarter.

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

Yours faithfully

For Milkfood Limited

Rakesh Kumar Thakur
Company Secretary &
Compliance Officer

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