



VIPPY SPINPRO LTD.

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VSL/2020-21/ 351
08.08.2020

To,
BSE Limited.
P.J. Towers, Dalal Street,
Mumbai-400001

Ref: Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020 as issued by the Securities and Exchange Board of India (SEBI)

Script Code: 514302

Sub.: Disclosure on Material Impact of Covid-19 Pandemic

Dear Sir(s),

With reference to the captioned SEBI Circular, we would like to disclose as under:

1. Impact of the COVID-19 pandemic on the business:

In light of the most tumultuous & catastrophic situation owing to the spread of COVID-19, the extended lockdown and restrictions imposed on various activities due to COVID-19 pandemic, while being a necessary measure to contain novel corona virus spread, has posed unprecedented challenges and impacted the business of the Company. There was no operation or business activity from March 22, 2020 till May 8, 2020, and partial operations started from May 9, 2020.

The Company is primarily in business of supplying yarn to Denim and Bottom Weight Fabric Industry, the Company is facing a slowdown in production due to reduction in demand for the product in both the above mentioned segments; Company's revenue has been declined unexpectedly. However the Company is trying to sell yarn in other segments. The sudden decline in the prices of yarn affects the profitability of the Company. The Company is also facing very slow recovery from its certain debtors.

2. Ability to maintain operations including the factories/units/office spaces functioning and closed down:

The Company has declared Work from Home Policy from March 21, 2020 and thereafter the Government has declared nationwide lockdown w.e.f. March 24, 2020. The Company has made necessary arrangements to ensure that the staffs are safe and comfortable at work. The Company has taken conscious decision and ensuring a safe working environment. During lockdown, critical staffs have been asked to report to work at their locations.

However, the situation continues to be very challenging and uncertain. The Company is fully geared to withstand the challenges as the situation unfolds on the back of its financial and operational strengths.





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3. Schedule, if any, for restarting the operations:

The Company has restarted its partial operations to the tune of 40-50% after obtaining the necessary approval and permission by the Appropriate Authority, the same has been intimated to the Stock Exchange on May 9, 2020. Adhering to all safety protocols stipulated by the government, the current utilization capacity is approximately around 60% and the further increase in capacity utilization will depend on the market demand especially in Denim and Bottom Weight Fabric Industry.

The Company is taking all precautions, adopting social distancing norms and other safety measures as per the Government/Local Administration guidelines.

4. Steps taken to ensure smooth functioning of operations:

- Company is following Government directives regarding health and safety of the workforce,
- Detailed shop-floor precautions & safety systems have been implemented with appropriate training to staff and workmen,
- Factory roads and entrance areas are being regularly sanitized,
- Regular Fumigation of offices and factory premises,
- Social distancing norms being strictly followed at factory and office,
- Sanitization and thermal screening of employees, truck drivers and loading vehicles at the entry gate of factory,
- Company has ensured thermal screening of employees, sanitization of premises, ensuring use of Arogya Setu app, maintain social distancing in office etc.

5. Estimation of future impact of CoVID-19 on its operations:

We have resumed sales and operations from May 9, 2020. The response from the market has been very poor due to lack of demand as most of the markets are still not operational. The uncertainties associated with the situation continue to evolve and the Company is monitoring this situation closely. Based on the current indicators of future economic conditions, the Company expects to recover the carrying amount of its assets. The impact of COVID-19 on Company's financial situation may differ from the time to time based on the market demand.

6. Details of CoVID-19 on listed entity:

- Capital and financial resources and other assets –
The Company's capital and Banking facilities remain intact. There are no liquidity concerns as we have sufficient Banking limits available. However, the Company is witnessing delay in receivable collections from buyers in Denim and Bottom Weight Fabric Industry, as these buyers have not yet started their operations.
- Profitability –
The Company is in the business of manufacturing of cotton yarn, due to the temporary shutdown the company has faced an impact on the Profitability.

While Q1 FY21 Revenues and profitability has been adversely impacted, Company booked Net Loss of Rs. 128.19 Lacs. The profitability in the remaining quarters will depend on the demand of cotton yarn and rate in the Denim and Bottom Weight Fabric Industry.





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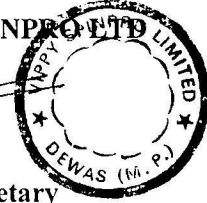
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- **Liquidity Position –**
As explained above, there are no liquidity concerns as we have sufficient Banking limits available.

However, the cash inflow was disrupted due to lower collections and fixed expenses commitments, the Cash position will be under less stress. Also currently, the recovery of receivables from debtors is slow.
 - **Ability to service debt and other financing arrangements –**
As on date, the Company is able to service debt and has adequate bank limits to meet its working capital requirement.
 - **Assets –**
The Company's Fixed Assets base remains intact. The company does not see incremental risk to recoverability of current assets (Inventories, Receivables etc.) given the measures being taken to mitigate the risk.
 - **Internal Financial Reporting and Control –**
Our internal control processes and reporting remain robust and there is no change in the same. Technology has been leveraged to facilitate Work -From-Home and requisite controls have been built into online processes.
 - **Supply Chain –**
There is a significant disruption in supply chain as our main buyers belong to the Denim and Bottom Weight Industry which are yet to be operational and we are facing the same difficulty in respect of mobilizing the workforce. However, we expect improvement in supply chain after the relaxation in lock down, especially opening of Malls & Shopping complexes.
 - **Demand for its products/services –**
There is huge impact on the demand as of now due to non-starting of operations by main buyers in Denim and Bottom Weight Fabric Industry.
7. **Existing contracts/agreements where non-fulfillment of the obligations by any party will have significant impact on the listed entity's business :**
The Company is in well position to fulfill all its obligation. However, there are some outstanding contracts/agreements on starting of lockdown in March, which would lead to non-fulfillment of the obligations by some buyers. Approximately 60% of the outstanding contracts of purchase of cotton yarn have been cancelled by the buyers and approximately 20% of the outstanding contracts of cotton yarn have been renegotiated. Since, most of the buyers of Denim and Bottom Weight Fabric Industry have not started their operations. Hence, this will impact the business.
8. **Other relevant material updates about the listed entity's business:**
Since we are producing yarn for Denim and Bottom Weight Fabric Industry which have not been operational due to shortage of demand and labour availability that also creates pressure on the demand and prices of above mentioned products. Also the demand of cotton yarn is much less than the supply in the market currently.

Thanking You

For **VIPPY SPINPRO LTD.**


Itisha Sahu
Company Secretary

