



To
National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G,
Bandra-Kurla Complex,
Bandra (East), Mumbai-400 051

Subject: Disclosure of material impact of CoVID-19 pandemic on the Company under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Symbol: VSCL

Dear Sir/Madam,

The lockdowns and restrictions imposed on various activities due to COVID - 19 pandemic, while being a necessary measure to contain its spread, have also posed unprecedented challenges to all businesses and the business operations at Vadivarhe Speciality Chemicals Limited (hereinafter referred to as the "Company") have been no exception to this.

Pursuant to Regulation 30 of Listing Regulations read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20th May, 2020, the brief details relating to the impact of the COVID-19 pandemic and the resultant lockdown, on the operations of the Company are specified in **Annexure A**.

Request you to kindly take the same on your record.

Thanking you,
Yours faithfully,

For Vadivarhe Speciality Chemicals Limited

Sunil Haripant Pophale
Director
DIN: 00064412
Address: 15 Lalit Building, Wodehouse Road
Next to Badhwar Park, Colaba, Mumbai 400005

Encl: Annexure A

Vadivarhe Speciality Chemicals Ltd.

Corporate Office: K. K. Chambers, Sir P. T. Road, Fort, Mumbai - 400 001. Tel: 022-22072526 Fax: 022-26740371
Registered Office & Factory: Gat No. : 204, Nashik - Mumbai Highway, VTC Phata, Vadivarhe,
Taluka - Igatpuri, Dist.: Nashik - 422403 Tel: 02553-282200 / 238 / 252
Email: sales@vscl.in Website: www.vscl.in
CIN: L24100MH2009PLC190516



Annexure A

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

a. Operation in India:

All the operations were disrupted since mid of March, 2020 till end of May, 2020. However, the Company received requisite permission from relevant authority on 24th March, 2020 being in Pharmaceutical sector and covered under the category of essential commodity. Since then the Manufacturing plant situated in Igatpuri is running with 50% to 70 % of the capacity of labour strength and the whole manufacturing plant have been sanitized so that our people are safe and secure. However, the Monetary Collection cycle of the company has been affected as the customers have delayed the payment.

Further, in mid of April, the Company received necessary statutory approvals for the manufacturing of hand sanitizer (new product) and the Company commenced the production of the same in the very first week of May and started dispatching the lots thus, the product is contributing positively to the turnover of the Company as well. The product meets high quality standards addressing the growing concerns surrounding health and hygiene. Hence, the Company is successfully supporting the Government in its efforts to tackle the spread of the pandemic and in addressing the huge demand of hand sanitizer in these testing times.

We are currently operating at around 70% production capacity. The Company has taken all necessary steps to adhere to the guidelines for social distancing provided by Ministry of Home Affairs along with the various directives issued by relevant Government authorities and has put in place safety measures keeping in mind safety, health and well - being of the employees and other stakeholders at all our locations.

b. International operations:

Business operations in the various international markets where the Company operates have been impacted to varying extent based on the spread of the pandemic and the restrictions on business activities placed by the respective Government authorities in these countries. Hence, the material movement is difficult and uncertain till these restrictions remains in place and resumption of full-fledged operations will depend upon the directives issued by the respective Government authorities.

c. Impact on customers:

We have been working with our retailers and putting our best efforts for supplying the stock as and when required by our retailers. Therefore, there is no major impact on the customers.

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d. Impact on employees:

Amidst the crisis, the safety of our employees has been our top-most priority and as they are the major asset of any Organisation. As the company sought the requisite permission from the relevant authority on 24th March, 2020 and due to which 50% to 70% of the employees are working with all safety gears and the Company has taken several measures to ensure their well-being.

All safety protocols of temperature sensing, wearing of safety gears (masks, goggles, face shields), social distancing, sanitizing and washing hands are being adhered to very stringently.

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

The Company is in Pharmaceutical sector and covered under the category of essential commodity. Hence, the Company resumed the operations after obtaining requisite permissions from the respective Government authorities. As per the guidelines issued by the Ministry and other local authorities, the operations in the factory are conducted in shifts with 50 to 70% capacity of workers. The factory is observing full compliance to the conditions of operations stipulated to avoid any infection caused due to COVID-19. Therefore, the operations are not at full capacity currently due to guidelines however there is no major impact on maintaining of operations.

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

As the Company falls under pharmaceutical sector and is covered under the category of essential commodity, hence the company has got permission from the Government to work during the lockdown as well and the same shall be continued with the permitted manpower strength of 50 to 70% during the period of lockdown. Post lockdown, the company is in plan to execute its operations with full strength and manpower.

4. Steps taken to ensure smooth functioning of operations:

The Company has taken various steps to smooth the functioning of operations as follows:

- In-Out screening of temperature of all employees and visitors,
- Sanitizing the premises and vehicles on regular basis,
- Maintenance of social distancing at all work-places,
- Enforcing wearing of masks and regular cleaning of hands,
- Regular update of the health of all the employees and their families.

The Company is taking all recommended precautions and preventive measures to ensure safety and well-being of its employees at all times. The Company will closely monitor the situation and take necessary steps as may be required from time to time.

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

Considering the fact that the situation is exceptional and is changing dynamically, the Company is not in a position to gauge with certainty, the future impact on its operations. However, the Company is confident about adapting to the changing business environment and respond suitably to fulfill the needs of its customers.

The pandemic have affected the projected sales of the Company therefore, cash flow management will be a challenge for the Company. However, with the opening of domestic market post lockdown, we expect business to improve gradually. We estimate that business will start improving from 2nd quarter of FY21 and we can expect normal business from 3rd quarter of FY21 onwards.

6. Details of impact of CoVID-19 on the Company's:

i. Capital and Financial Resources:

The Company has adequate financial resources to meet business requirements and receiving full support from banks.

ii. Profitability:

The profitability for Quarter-I (April, 2020 to June, 2020) of F.Y. 2020-21 is expected to be affected due to lockdown, partial manufacturing capacity utilization, fall in projected sales and increase in receivables days. However, manufacturing and selling of hand sanitizers is contributing positively to the turnover of the Company but it is new product for the Company, hence expecting growth in sales mostly from 2nd quarter of F.Y. 2020-21 .

iii. Liquidity position:

The company may face a short term liquidity crunch due to disturbed operating cycle of the company and delayed payments from customers.

iv. Ability to service debt:

The Company is capable to service all debts as and when due and positive to manage the working capital of the Company in coming periods, as the Banks are providing an additional moratorium.

v. Assets:

The Company sees no immediate impairment requirement for any assets due to Covid19

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vi. Internal financial reporting and control:

The internal financial reporting and control are not adversely affected and fully functioning.

vii. Supply chain management:

While there were some disruptions due to global lockdown at the initial stage but at present the same is getting improvised. Further, the Company is of the view that it will get normalized soon.

viii. Demand for its products/Services:

The demand for its products is expected to gradually improve post lockdown.

7. Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business:

The Company is well positioned to fulfill its obligations and existing contracts/arrangements. At present, the company do not foresee any contract/agreements getting cancelled or having significant impact on the business in case of non-fulfillment of obligations by any party.

8. Other relevant material updates about the listed entity's business:

Due to the Spread of COVID-19 and increasing need of Hand Sanitizer, the company being in pharmaceutical sector decided to manufacture Hand Sanitizer to help the government in meeting the increased demand of the product and also to make contribution on the part of the Company towards the mankind. Due to this decision of the company the future turnover of the Company will improve and will result into increase in profits of the Company. The Company has intimated the Stock Exchanges regarding this planning of the Company to manufacture Hand Sanitizer vide its intimation pursuant to Regulation 30 of the SEBI (LODR) Regulations, 2015. The Company is manufacturing and supplying these hand sanitizers to various market players who under their brands sell to the ultimate consumers.

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9. Expected quantum of loss/damage caused:

Considering the current position of the Company, the details of exact loss of revenue can be known only after audit for FY 2019-20. However, it is expected that the impact of quantum of loss/ damage caused will be negligible. Therefore, the same was not required to be covered/realized through insurance.

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