

Date : 24.07.2020

To,
The Department of Corporate Services,
The Stock Exchange Mumbai,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai : 400 001

SUB.: Disclosure of material impact of COVID – 19 pandemic on the company.

Dear Sir,

With reference to the SEBI Circular No. **SEBI/HO/CFD/CMDI/CIR/P/2020/841** dated 20th May,2020 and with the requirement of Regulation 30 of the Listing Regulations, please find below requisite disclosure relating to the material impact of "COVID – 19" pandemic on the company.

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

Due to lock down announced by the Government of India the operations of the company were temporarily shut down The lock down has also affected the company business operation in the last week of March 2020 and showed its continued effect during the first and second quarter of F.Y. 2020-21..

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

- a. In compliance with the directions issued by the Government of India, the company had suspended operations at its office and manufacturing location in India with effect from 23rd March, 2020 to ensure the safety of our employees and their families;
- b. The Company has partially resumed its operations in a phased manner, with effect from 1st June 2020 in line with the applicable guidelines issued by Ministry of Home Affairs, Government of India with available, allowed and limited workforce. It is adhering to the safety norms prescribed by the Government of India.

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

As stated earlier, the company has resumed its operations from 1st June, 2020 in phased manner.

4. Steps taken to ensure smooth functioning of operations

Well-being of its employees being utmost importance, the company has put in place requisite safety measures for employees working at units which have resumed its operations which are in accordance with the guidelines issued by the Government of India and State Governments to help fight of spread of COVID -19 pandemic. Supply chain is being closely monitored. We have taken appropriate control measure over cash flow, capital expenditure and recurring overheads to smoothly manage our operations.

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

While the Company is presently running its business, the future impact on the Company's operations because of COVID -19 pandemic cannot be quantified with the certainty at this stage and the same will depend on when the entire lockdown restrictions are removed and how market recovers. There is temporary reduction in demand due to lockdown, which we expect to improve gradually during the financial year.

The company is closely monitoring its fixed cost and recurring cost. Though we do hope the business situation to gradually normalize in upcoming months, overall sales and profitability for the full financial year would be impacted. However, in view of the highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve

6. Details of impact of COVID - 19 on company :-

- **Capital and Financial resources:-** The Company is having enough capital and adequate banking limits are in place;
- **Profitability:-** While the Company's profitability in the first two quarter may get impacted. However, once the situation is normalizing, the company will put all its efforts for maintain the profitability.
- **Liquidity position:-** The Company's liquidity is affected on account of cash crunch. However, the adequate banking limits are being in place to combat the liquidity positions in near future. The Company has taken Cash Flow control and overhead control measures to manage the operations. Regular interval review mechanism adopted to review the receivables, inventories and measures taken to control the capital expenditure.
- **Ability to serve debt and other financing arrangements:-** The Company is servicing all its debt and other financial obligations in timely manner except with delay in few cases The Company's capital reserves' and banking facilities are intact. Though, going forward, recoverability of its receivables and liquidation of its inventories are marginally stretched. The company has availed moratorium on the interest on its working capital from Bank of India and we are hopeful to overcome liquidity mismatch. We, thereby foresee manageable liquidity concerns for a shorter period only.

- **Assets :-** The Company has reduced / delayed majority of its capital expenditure plans, baring marginal replacement cost. As explained above, recoverability of its receivables and liquidation of its inventories are marginally stretched but not significantly impacted. Further we confirm that there is no inventory obsolescence and Impairment of Property, Plant & Equipments.
- **Internal financial reporting and control:-** The Company has taken required steps so that adequate Internal Financial reporting and control are in place in the changed working environment during the lockdown;
- **Supply Chain:-** Supply chains were disrupted in the initial period of the lockdown restrictions. However, it will return to normalcy with relaxations in the restrictions. The company is closely monitoring the same.
- **Demand for its products/services:-** There has been a major impact on the demand for the Company's products. The Company is facing problem to fulfill demands of its customers in a timely manner due to labour problems on account of COVID-19 pandemic.

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

The Company is hoping to fulfill its obligations and also does not foresee any significant impact on the business due to non-fulfillment of the obligations by any party. This is based on the assumption that there may be further stoppages in the business due to ongoing COVID-19 pandemic situation.

8. Other relevant material updates about the company's business:-

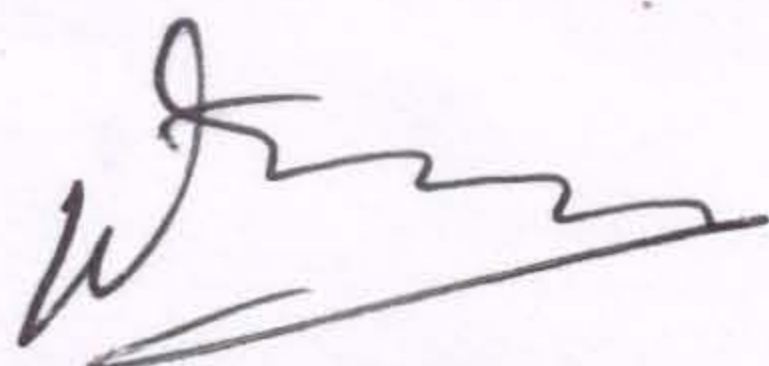
No such material information at this point in time.

The Company shall keep all its stakeholders informed as and when any material development take place which may have a significant impact on the company.

Kindly take the above on your record.

Thanking You,

Yours faithfully,
For, Minaxi Textiles Limited,



Dineshkumar P. Patel
Managing Director
DIN : 02268757