



**Vivimed**

Date: 22.06.2020

To

The Secretary,  
Listing Department,  
BSE Limited  
P.J.Towers, Dalal Street,  
Mumbai – 400001  
**BSE - Code : 532660**

The Manager,  
Listing Department,  
National Stock Exchange of India Ltd.  
Exchange Plaza, Plot no. C/1, G Block,  
Bandra-Kurla Complex, Bandra (E)  
Mumbai - 400 051  
**NSE- Symbol: VIVIMEDLAB**

Dear Sir / Madam,

**Sub.: Intimation under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) – COVID-19 Update**

Pursuant to the advisory issued by SEBI vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020; the impact of COVID-19 pandemic on the Company's business and operations and the probable consequences in the near future are summarised below.

- (i) Impact of the COVID-19 pandemic on the business and operations so far
- (ii) Ability to maintain operations including the factories/units/office spaces functioning and closed down
- (iii) Schedule, if any, for restarting the operations
- (iv) Steps taken to ensure smooth functioning of operations

The unprecedented COVID-19 pandemic followed by the nation-wide lockdown announced by the Government has impacted both the Company and its stakeholders. The last week of March'20 and first fortnight of April'20 witnessed significant disruptions in the business and operations of the Company. The Company resumed operations in its Indian plants/units in April 3<sup>rd</sup> week, as manufacture/dealing in Pharmaceutical products were permitted by the Government. With the situation gradually improving, the month of May saw a near-normal throughput in all the categories of business. The Company continues to evaluate the impact of the pandemic as the situation evolves.

**India Operations:**

- **Offices:** The Company is committed to the well-being, health and safety of its employees and support staff. It continues to take all the necessary measures to contain the COVID-19 pandemic and abide by the directions and advisories issued by the Government. All offices across India were shut down on the announcement of a lockdown by the Government and Work from Home policy was enforced by the Company. Notwithstanding the remote working conditions, the Company continued to maintain the spirit of collaboration and a healthy morale among employees across the organisation through regular check-ins and various engagement and support-led initiatives using virtual platforms. All employees have been advised to download the Aarogya Setu App launched by the Government of India.

Since then, select offices have resumed with limited attendance in adherence with the Government directions/advisories. While the Company has taken all necessary precautions to ensure the safety (Like daily temperature monitoring, spaced out seating, providing ample quantity of sanitizers) and security of these employees, it has also started preparing to ensure a safe return to the workplace for the rest as lockdowns are being gradually relaxed by the Government.



- **Manufacturing & Supply Chain:** Based on the Government Orders/Advisories to ensure continued supplies of pharma/drugs to the consumers/stakeholders, the Company resumed production of pharma/drugs/personnel care products in April, although at a reduced capacity, and thereafter in May, the production in these categories reached a near normal level.

Although there have been intermittent challenges on labour availability caused by mass exodus of migrant labour to their hometown in the past few weeks, the Company is mitigating this risk through alternate arrangement for sourcing labour as well as augmenting additional capacities.

The Company has taken various measures to take care of the livelihoods of migrant labour and their safety and security during the lockdown phase.

The Company continues to focus on the safety of all its members in the value chain and has deployed highest safety and hygiene standard across all its manufacturing and supply chain locations. It has also embraced emerging technologies along with contact less automated screening of all its members in order to ensure adherence to the physical distancing and safety protocols in factories.

The early disruptions caused in the supply chain are being partially countered as the Company has adopted newer and alternate models like directly supply to distributors and large modern trade stores thereby compressing the supply chain time.

- **Distribution:** The Distribution network which was disrupted during March due to restriction on movement of goods and people, improved progressively during April and May with the Government gradually easing the movement of essential commodities. The Company continues to work with its business partners and support them to effectively tide over this crisis. It has ensured that employees of our C&F agents and distributors' frontline field forces are observing necessary safety precautions.

Further, in order to improve the reach of pharma/drugs/personnel care products to the consumers, the Company adopted a number of innovative approaches.

- **Sales Performance:** The Company's overall business has experienced gradual improvement from the mid of April to till date and is currently clocking approx 50% of the FY20 average monthly sales.
- **New Product launches:** In the month of April, the Company launched new products in the Health and Hygiene category viz. VIV Clean Sanitizer,. The Company will continue its efforts towards building a sustainably growing portfolio in this category in order to meet evolving consumer needs.

#### **International Operations:**

- International markets have also been disrupted either due to total or partial lockdowns. In Spain, Mexico, Hungary, although the operations have been affected, the business has been fairly resilient.
- The business in US, CAS, Europe, LATAM continues to be affected due to the pandemic coupled with the weakening economic situation in these countries. Although the impact on business in these geographies has been severe, its impact on the overall business of the Company is high to moderate.



- The business is currently clocking more than 50% of the FY20 monthly average top line.

(v) Estimation of the future impact of CoVID-19 on its operations:

The Company is watchful about the future as it unfolds. Much will depend on the extent of the spread of COVID-19 in India and overseas and how the on-ground environment develops in conjunction with the response of respective Governments. The Company expects to witness changes both, in the business environment as well as consumer sentiments, but at the same time believes that it is well positioned to come out stronger from this crisis on the back of innovation, agile execution, prudent cost management and portfolio of trusted brands.

(vi) Details of impact of CoVID-19 on listed entity's –

- a. capital and financial resources;
- b. profitability;
- c. liquidity position;
- d. ability to service debt and other financing arrangements;
- e. assets;
- f. internal financial reporting and control;

As the Company continues business and operations even during the lockdown period, albeit at a relatively reduced scale, there has been major impact on its liquidity position (Cash cycle is disrupted due to suppliers seeking advance payments and on the other side institutional customers delaying payments) and hence is not in comfortable position to meet its commitments. The Company not able to continue to drive profitable operations and not comfortable with liquidity situation. Its ability to service its debts and financing obligations are not on time remains effected. Moreover, in case any exigencies arise in future affecting the liquidity position, the Company may not be in a comfortable position to borrow capital and has no favourable debt equity ratio. The Company is also implementing stringent cost control measures across the organization to conserve cash in order to address any concerns arising post the lock-down. Lastly, the Company has robust internal financial reporting process and controls which are running efficiently with the use of technology.

(vii) 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 fulfil its obligations with respect to all the existing contracts and agreements. At present, the Company does not foresee any risk of non-fulfilment of obligations by any party which could have a significant impact on it.

This is for your information and record.

**For Vivimed Labs Ltd**

  
**Santosh Varalwar**  
**Managing Director**

