



# Lagnam Spintex Limited

Lagnam Spintex Plant & Regd. Office: A 51-53, RIICO Growth Centre Hamirgarh, Bhilwara (RAJ)-311001

To,  
The Manager  
Listing & Compliance Department,  
National Stock Exchange of India Limited  
Exchange Plaza, 5<sup>th</sup> Floor, Plot No. C/1,  
G Block, Bandra-Kurla Complex, Bandra,  
Mumbai- 400051. (Maharashtra)

Date: 17.06.2020

Stock Symbol: **LAGNAM**  
ISIN: **INE548Z01017**

Ref.: SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020

Sub.: **Disclosure Under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- regarding material Impact of COVID-19 pandemic**

Dear Sir/Madam,

As Lockdown and further extended lockdown announced by our Central Government of India and State Government of India due to COVID-19 pandemic, manufacturing/business activities across the world and in domestic market, demand has been affected adversely, planned shipments/dispatches held-up. The company's manufacturing plants & offices were completely shut down from 22<sup>nd</sup> March, 2020 to 26<sup>th</sup> April, 2020. The operations have partially started w.e.f. 27 April, 2020 and gradually increasing the capacity utilization levels. Impact of COVID-19 on the Company as under:

Sr. No.	Particulars	Disclosures/Information
1	Impact of COVID-19 pandemic on the business	<p>Due to COVID-19 manufacturing and business activities, demand has been affected adversely, planned shipments/dispatches held-up. The company's manufacturing plants &amp; offices were completely shut down from 22<sup>nd</sup> March, 2020 to 26<sup>th</sup> April, 2020 resulting to loss of revenue and correspondingly operating margins have been impacted. The company continued to incur fixed costs including employee costs hence the profitability will also be affected to that extent and same has also reflected In Annual accounts.</p> <ul style="list-style-type: none"><li>• Hedging Loss also incurred during this period because of cancellation of export orders from customers.</li><li>• Cash inflow affected due to delay in making payments from the domestic sundry debtors' day by day.</li><li>• Cost of handling inventory of Finished Goods has increased due to cancellation of orders</li></ul>



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2	Ability to maintain operations	<ul style="list-style-type: none"> <li>We have allowed partially operations at our plant from 27<sup>th</sup> April, 2020 one shift in a day and started our one Unit with 80% capacity.</li> <li>We have allowed our employees to work from home as possible.</li> </ul>
3	Schedule, if any, for restarting the operations	<p>The company's manufacturing plants &amp; offices were completely shut down from 22<sup>nd</sup> March, 2020 to 26<sup>th</sup> April, 2020. The operations have partially started w.e.f. 27 April, 2020.</p> <p>Unit no. II (Ring Spinning) has started with 80% capacity.</p> <p>Further, the office of the Company was operational With reduced number of employees and with work from home facilities.</p>
4	Steps taken to ensure smooth functioning of operations	<p>The Company has provided laptops and other required equipment for employees to work from home to continue the operations of the Company smoothly. Following measures are also taken to comply with government guidelines on COVID:</p> <ul style="list-style-type: none"> <li>Complete temperature scanning of every individual entering the Plant and office.</li> <li>Sanitizing the premises and vehicles on regular basis.</li> <li>Maintenance of social distancing at all work places and outsiders are not allowed to enter the office premises.</li> <li>Enforcing wearing of masks and regular cleaning of hands.</li> </ul>
5	Estimation of the future impact of COVID-19 on its operations	<p>Due to disruption of recession activities throughout the world and lack of consumer demand in International and domestic markets, will affect demand for company's production in FY 2020-21, the exact impact of which cannot be ascertained presently. It is expected that there will be good demand for textile products once situation across the globe normalizes, the company is equipped to capitalize on that on the strength of its state of art technology, large scale of operations, and widespread customer base across geographies and focus on quality.</p>
6	Impact on Capital and Financial resources	<p>The Company has adequate capital and financial arrangements made to meet the business requirements.</p>
7	Impact on Profitability	<p>Profitability for the Quarter-I (April, 2020 to June, 2020) F.Y. 20-21 expected to be affected due to lockdown and partial manufacturing capacity utilization. However, it is expected to improve from Quarter-II (July, 2020 to Sept, 2020) F.Y .20-21.</p>
8	Impact on Liquidity	<p>The company is facing liquidity crunch. Also, the company is witnessing delay in receivable</p>



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		collection from debtors. Due to our receivable getting delayed, the cash positions are under stress. But in case of any emergency requirement we have sufficient bank limits for the same.
9	<b>Impact on Ability to service debt and other financing arrangements</b>	Company is capable to service all debts as and when due. The Company is paying its lenders as per due date and also has availed facility of moratorium as permitted by RBI and Banks for the period 1 <sup>st</sup> March, 2020 to 31 <sup>st</sup> May, 2020. We have also applied to avail next moratorium period June, 2020 to August, 2020.
10	<b>Internal financial reporting and Controls</b>	The company continues to follow internal financial reporting and control procedure by means of employees partially working from home and partially from office during the period of lock-down.
11	<b>Impact on Supply Chain</b>	We have observed major supply chain issues and it is expected to normalize the situation post lockdown. We are facing transportation problems in the area of hotspot of COVID -19. Faced difficulties in sending export documents to our Customers.
12	<b>Impact on demand of products</b>	Demand of product (Domestic and Export) affected in first half of the year. However, domestic demand expected to improve post lockdown.
13	<b>Existing contract /agreements where non-fulfilment of the obligations by any party will have significant impact on the business</b>	The Company is well positioned to fulfil its obligations and also does not foresee any significant impact on the business due to non-fulfilment of the obligations by any party.
14	<b>Assets</b>	There is no major impact on the assets of the Company, as of now.

You are requested to take this information on record.

Thanking You,

Yours Faithfully,

**For Lagnam Spintex Limited**

Sd/-

**Rajeev Parashar**  
**Company Secretary**  
**& Compliance Officer**  
**Mem. No. A52343**