CORPORATE : KANGANWAL ROAD, V.P.O. JUGIANA,
OFFICE : G.T. ROAD, LUDHIANA-141 120 (INDIA)
PBX : 00-91-161 4692500 (30 Lines)
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VISIT US : www.gargltd.com
CIN : L74999DL1983PLC017001

GARG ACRYLICS LTD.
THREE STAR EXPORT HOUSE

GAL/2020-21

Date: 27th July, 2020

The Head- Listing & Compliance,
Metropolitan Stock Exchange of India Limited,
Vibgyor Towers, 4th floor, Plot No C 62, G - Block,
Opp. Trident Hotel, Bandra Kurla Complex, Bandra (E),
Mumbai – 400098, India.

Sub: Disclosure of Material Impact of Covid-19 Pandemic

Dear Sir,

Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020 we would like to provide following disclosure of material impact of Covid-19 pandemic on M/s Garg Acrylics Limited ("the Company") under Regulation 30 of SEBI (LODR) Regulations, 2015 please find enclosed herewith disclosure on material impact of Covid-19 pandemic on the Company.

This is for your kind information and record.

Thanking You,
Yours Faithfully,
For **GARG ACRYLICS LIMITED**

Sanjiv Garg, Din No. 00217156
(Managing Director)

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DISCLOSURE OF MATERIAL IMPACT OF COVID-19 PANDEMIC

Pursuant to SEBI Circular SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020, disclosure on material impact of COVID-19 pandemic are as follows:

1. **Impact of COVID-19 Pandemic on the business:-**

   The Company is in the business of manufacturing yarn, fabric and garments. It has its manufacturing units located in the state of Punjab. To prevent and contain the spread of Covid-19, the State Government of Punjab imposed a Curfew from 23 March, 2020 followed by announcement by the Central Government for 21 days nation-wide lockdown from 25 March, 2020 resulting in complete shutdown of all economic and social activities. To comply with the directives of the Central Govt., the Company temporarily closed its manufacturing operations and offices

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

   In compliance with the relaxations given by the Ministry of Home Affairs (MHA) and after seeking approval from the concerned State Govt. authorities, wherever required, the Company started limited operation at its manufacturing facilities. With the easing of lockdown norms and opening up of markets, the capacity utilization of all of our manufacturing plants-is gradually increasing over a period of time.

3. **Steps taken to ensure smooth functioning of operations:-**

   The Company has made intensive efforts to surpass the Covid challenge through an enhanced hygiene and adherence to the social distancing norms, use of masks and sanitizers etc. The Company is committed to ensure the safety and wellbeing of its employees.

4. **Estimation of the future impact of COVID-19 on operations:-**

   The outbreak of Covid-19 has posed one of the biggest unforeseen threats to the Global Economy. The Company could not remain immune to the adverse business conditions. Many orders from major customers have been put on hold and some of these orders have got cancelled. This decline in demand has resulted in lower sale prices which are squeezing the margins of the Company. Amidst this depressed economic environment, the Company may report loss in the first quarter of the current Financial Year 2020-21.

5. **Details of impact of COVID-19 based on certain performance parameters:-**

i)	**Capital and financial resources**	The company's resources remain intact and are in position to meet its short term obligations.

For GARG ACRYLICS LTD.

Managing Director

ii)	**Profitability**	In view of lock down, the profitability during 1st quarter (April to June) is likely to be adversely impacted and will continue for F.Y. 2020-21, the company is closely monitoring it.
iii)	**Liquidity**	The Company has availed Covid-19 emergencies working capital loans and deferment of interest anc installments from consortium bankers to meet temporary liquidity mismatch and to carry on day to day operations.
iv)	**Ability to service debt and other financing arrangements**	With the arrangement of additional Covid-19 emergencies working capital loans, the company is in position to meet its short term obligations.
v)	**Internal Financial Reporting and Control**	The management is closely monitoring the cash inflow and outflow.
vi)	**Supply Chain**	COVID-19 pandemic has halted the operations worldwide and there might be supply disruptions, if the pandemic is prolonged.
vii)	**Demand for its product/ services**	The Company is confident that the demand situation will resume to its normalcy gradually.

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

April-June' 2020 being lockdown months, the revenues and profitability of the Company are likely to be adversely impacted. As the business situation is very different, the company is closely monitoring it. Though we do hope the business situation will get gradually normalized during 3rd and 4th quarter.

7. Other relevant material updates:-

We are continuously monitoring the impact on the operations and financials of the company and taking necessary steps in the best interest of our people, customers and communities.

For GARG ACRYLICS LTD.

Managing Director