

**Corporate Office & Central Laboratory :**

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Website : www.choksilab.com  
CIN - L85195MP1993PLC007471



**To,**  
**Corporate Relationship Department,**  
**BSE Limited,**  
**P.J. Towers, Dalal Street,**  
**Mumbai - 400 001.**  
**Through: BSE Listing Centre**

**30.07.2020**

**Scrip Code: 526546, ISIN: INE493D01013**

**Sub: Disclosure of Material impact of COVID - 19 Pandemic on the Company under Regulation 30 read with Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Advisory vide Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020**

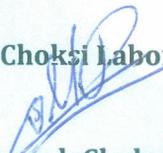
Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015 read with SEBI Advisory vide Circular No. SEBI/HO /CFD /CMD1 /CIR /P/2020/84 dated May 20, 2020,

We hereby submit an update by the Company about brief details of the Material Impact of COVID-19 pandemic and the resultant lockdown, as discussed in meeting of Board of Directors on the operations of the Company (Annexure I.)

We request you to disseminate the above information on your website.

Thanking you,  
Yours faithfully,

**For Choksi Laboratories Limited**

  
**Vyangesh Choksi**  
**Chief Financial Officer**

  
**Sanjay Chourey**  
**Company Secretary**

**Baroda Laboratory :**

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**COVID-19 Pandemic and related developments – Update**

**Annexure I**

With respect to the captioned subject, we hereby disclose the material impact of COVID-19 pandemic on the Company under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which is as follows.

**a. Impact and Estimation of the Covid-19 pandemic on the business: Immediate as well as near Future**

The increasing widespread of Covid-19 has put the world into varying degrees of uncertainty and disturbed the economic order completely. Global recession in 2020-21 is evident and risk of prolonging to the next fiscal years is extremely high as Nations across the globe shut down economic and social activities to limit the spread of Covid-19 and the fatalities associated with it.

As production is curtailed around the world, in almost all sectors in unprecedented manner many industries are at risk of collapse.

- 1. Construction** -With series of lockdowns, construction activity private as well as government across India came to a standstill. The overall impact of the novel coronavirus, or COVID-19, on the construction sector in India has been estimated at Rs 30,000 crore per day, an analysis by KPMG revealed. The pandemic is also likely to reduce investment in construction-related projects by 15 to 30 percent, which is likely to impact the Gross Value Added and employment. As per CREDAI, prior to the lockdown, there were around 20,000 large ongoing projects across the country. The work was being undertaken in as many as 18,000 sites and more than 30 percent of workers were staying away from sites due to the fear of coronavirus infection. Together these projects involve a workforce of 8.5 million. The construction industry for the last 3 years was already reeling under pressure and may rise to pre CoViD levels only March 2022. Due to the current lag in the projects, drop in the investment for next 2 years by 25% and assuming the construction of ongoing projects to reach pre CoViD levels.
- 2. Food Industry** -Overall Food industry by some studies shall be witnessing a smoking pipe shape recovery. The actual pre CoViD consumption levels would only reach with the travel and hospitality industry opening up. Basic food consumption levels and purchase basically saw a V pattern recovery but with Travel & Hospitality industry expected to start picking from Q1 2021-2022, the overall industry will witness pipe based recovery. The World Travel and Tourism Council has warned the COVID-19 pandemic could cut 50 million jobs worldwide in the travel and tourism industry. Asia is expected to be the worst affected. Once the outbreak is over, it could take up to 15 to 18 months for the industry to recover. The tourism industry currently accounts for 10% of global GDP. During April-June, the Indian tourism industry is expected to book a revenue loss of Rs 69,400 crore, denoting a year-on-year (y-o-y) loss of 30 per cent. Tourism industry to incur Rs 1.25 trillion revenue loss in 2020, which would have an impact on the overall food industry.
- 3. Healthcare** - The healthcare sector is at the epicentre of this unprecedented global pandemic challenge, but the medical devices industry has also taken a hit. The country imports consumables, disposables and capital equipment including orthopaedic implants, gloves, syringes, bandages, computed tomography and magnetic resonance imaging devices from China. Due to the current crisis, the medical device manufacturers across India are finding it difficult to source important raw materials and electronic components. Many small hospitals and nursing homes, especially in Tier-II and -III cities, have been forced to shut their operations since their cash flows have dried up. Any possible ramp-up will be gradual, taking at least three to five quarters for return to normalcy. With an estimated impact of ₹14,000-24,000 crore in operating losses for the quarter for MSME in pharmaceutical products, the sector would need liquidity infusion to rise to pre-Covid levels by Q2-2021.

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A severe demand shock is underway across the discretionary spend category. The virus outbreak has disrupted the manufacturing supply chain and sharply curtailed energy demand. Collection delay and defaults are likely by consumers (lower slab domestic category due to wage disruption, and commercial &

Industrial defaults due to business discontinuity) which will put more pressure on financially ailing. Overall Scenario suggest a Swoosh Recovery pattern largely based on the below statistics,

- Furniture stores (-3.5% from June 2019)
- Construction (-20% from June 2019)
- Textile (-23.2% from June 2019)
- Foodservice (-26.3% from June 2019)
- Healthcare (-25% from June 2019)

As the service that the company provides are in various sectors stated above an overall impact on top line around twenty percent may be expected in the immediate quarters. With the growth economy kicking in, the impact would reduce in subsequent quarters but would witness the same pattern as the overall economy. Currently, the future impact of Covid on the operations, results and financial health of the Company cannot be ascertained in very affirmative ranges as the extent of adverse impact on revenues, earnings and resultant cash flows will depend on containment of impact of Covid and damage done by the pandemic at different cities of Company operation and the measures by the state government and the Disaster Management Committee appointed by the state.

**b. Capital & Financial Resources includes profitability and liquidity position:**

Fall in industrial & commercial demand will impact across. Due to the Covid-19 pandemic and the resultant lockdown, the Company's operations were suspended from March 23, 2020. The services at various units commenced at different interval as and when permissions were received by the local Disaster Management Committee. Ranging from April to May end for all the five units to operationalise. Consequently, it caused unanticipated delay and increased costs to service clients in staggered work force. The revenues and profitability of the Company have also been adversely affected. Ability to maintain operations would largely depend on the local spread of the virus and the decisions of the state government and the Local Disaster Management Committee. The Company has already implemented stringent cost control measures across the organization to

Preserve liquidity to survive tough time and has also availed the relief provided by the GOL directive to Banks under CoVID Relief for MSME. The Company is currently in a comfortable liquidity position to meet its commitments and service debt and other financial obligations. The Company also does not foresee any challenge in realizing/recovering its assets. The Company is also in constant discussion with its customers, vendors and other stakeholders to propel the business forward.

As a precautionary measure the Whole time Director remunerations for the first quarter has already been waived to conserve the liquidity. The Company also tried to renegotiate contracts and agreements where ever possible. The overall profitability of the Company depends on the overall economy scenario, the containment of virus at the geographical places and the decisions of the Disaster Management Committee regarding opening of businesses and cities. The liquidity position may be little strained but the given relief provided by the Government of India under MSME has assisted the Company to manage its resources.

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**c. Ability to service debt & other Financial Arrangements and Asset -**

The Asset class quality remains good. Net ratio of Asset to Debt ratio stays positive and the Company anticipates that it would be able to service the debt and other Financial Arrangements. The current situation control of the pandemic and open businesses would further strengthen the Company's Financial Standing and assist in speedier recovery. In case of any mis-eventuality the company can leverage the assets further to either reduce the overall debt or take an extra line credit from the financial institutions. The decision would be taken if such situation arises or in the event of any eventuality. As per the modelling either step might not majorly affect the Company performance and would help the company meet out unforeseen financial impact to certain levels. It is not possible to ascertain the exact quantum thereof as the current pandemic situation falls under rare of rarest. Though there has been some delay in collection

Of receivables. Based on our assessment, the Company does not foresee incremental risk to recoverability of assets of any kind inventories, investments, receivables etc.

**d. Internal Financial Reporting & Control -**

The Company has proper and adequate systems of internal controls system in place and there has been no adverse impact of Covid. The management is constantly striving in ensuring an effective control internal financial reporting and control measure.

**e. Demand of Service in market and Other relevant material update -**

The demand of service is a direct ratio of the basic manufacturing and demand as the company is majorly a B2B player. The manufacturing is in a direct relation to the economy of the country and its exports. The impact of COVID-19 seems to be significant on the business of the Company, which has touched not just the Indian economy but globally in an unprecedented manner, levels unseen in couple of decades but the management of the company is keeping a vigil and any material developments, if any in the near future and would keep the exchanges and stakeholders informed accordingly.

The Company is well positioned to fulfil its obligations and existing contracts/arrangements. This update is dynamic and may change as the situation changes.

The company will provide an update on the situation in case of any major change.

**FOR CHOKSI LABORATORIES LIMITED**

**VYANGESH CHOKSI**  
**CHIEF FINANCIAL OFFICER**

**SANJAY CHOUREY**  
**COMPANY SECRETARY**

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