



**SIMRAN
FARMS LIMITED**

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To,
The Secretary,
Corporate Relationship Department,
Bombay Stock Exchange Limited
Phitoze Jeejeebhoy Towers, A Wing
Dalal Street, Fort Mumbai- 400 001

SUB: Disclosure under Regulation 30 of SEBI (LODR) Regulations, 2015 –Disclosure of material impact of COVID -19 pandemic on the Company

Ref: SIMRAN FARMS LIMITED (BSE scrip code: 519566; ISIN: INE354D01017)

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20th May, 2020; please find enclosed herewith a disclosure on material impact of COVID-19 pandemic on the Company, the content of which is self-explanatory.

This is for the information of the exchange and the members.

**Thanking You,
Yours faithfully
For, SIMRAN FARMS LIMITED**



**KAWALJEET SINGH BHATIA
Whole-time Director
DIN: 00401827**

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

Global disruption caused by COVID-19 combined with a total nationwide lockdown has resulted in significant economic contraction in India. The recent Covid-19 lockdown has impacted the domestic poultry industry severely. The industry incurred large net losses due to sharp decline in demand, realization & profitability.

Further, since December 2019, after a spike in Covid cases all over the world, rumours circulated in social media in linking poultry birds as possible vectors of the virus further lead to the heavy demand drop and so the realizations and therefore the poultry business has been severely suffering since the beginning of this year.

Also, restricted logistics due to lockdown was a bigger problem. The transportation and mandi(s) were closed due to which we were unable to get the raw materials such as maize, soya etc. on time and hence it had become untenable to keep any of our livestock since we were unable to feed them. Also, the Company could not send the birds for contract farming and the rearing of birds could not be carried out which further led us to culling of chicks and birds and destroying of eggs. Further, owing to sharp decline in realizations during Q4 FY2020, contribution losses were incurred as the birds had been sold below their cost price (due to perishable nature of products) and sometimes even free of cost.

The operating margins in the poultry industry are expected to decline sharply during the 2020 financial year due to increased prices of key ingredients – maize and soymeal – coupled with the inability to fully recover these price rises from end-customers. The cost of maize and soymeal – the main ingredients of poultry feed – constitute about 70% of the variable costs (other than veterinary, labour and energy costs) and for various reasons have seen a sharp increase. Also, the institutional supplies, marriages and tourism are still shut down due to Covid-19 pandemic which forms a bigger part of generating revenue in the business. Therefore, the profitability and coverage indicators of industry participants are expected to weaken substantially. It adds that the credit profile of industry participants has also deteriorated significantly for the current book year, with some industry participants registering operating losses due to high input cost and devalued realization.

Therefore all we can say is that the Covid-19 outbreak and the consequent lockdown have pushed the poultry sector of the country into a crisis with huge losses.

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

All our offices and branches were closed down since 24th March, 2020 with the facility of work from home for all the employees.

Further, our poultry farms in Simrol were working as per the guidelines of Ministry of Home Affairs via Order No. 40-3/2020-D dated 24.03.2020 as it was necessary to raise the domesticated live birds. The plant had to keep open exclusively for the maintenance of domesticated live birds.

Further, strict ban on transportation and state borders exacerbated the situation during lockdown period as the complete value chain starting from production of maize and soya to the consumption was severely affected and thus there were shocks from both demands as well supply side. We could not provide sufficient feed to the birds and rearing could not be carried out which further led us to culling of chicks and birds and destroying of eggs.

In view of above mentioned reasons, the farms were continued in order to maintain the birds but there were no sale and no business during the lockdown. Also, from the beginning of the year till present, the demand of the products has been heavily dropped and thus Company incurred huge losses. Therefore though the farms were open but we were unable to maintain the operations of the Company.

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

All our offices and branches were closed down since 24th March, 2020 and resumed on 1st June, 2020 with all the safety measure and precautions.

Further, as informed in point no. 2, our poultry farms in Simrol were not closed down as it was necessary to feed and raise the domesticated live birds, therefore question of restarting the farms does not arise, however all the safety measures had been initiated as and when the guidelines were issued by the Central and State Government.

4. Steps taken to ensure smooth functioning of operations:

All safety protocols related to Covid-19 as advised by the Government are being implemented.

- The Company has issued safety guidelines for its employees and workers
- Social distancing norms being strictly followed at farms and offices.
- Entrances areas are being regularly sanitized.
- Sanitization and thermal screening of employees and workers at the entry gate are being done regularly.
- The Company is making adequate provisions for masks, sanitizers, hand washing facility to its employees at the work place.
- Company has also mandated installation of Arogya Setu app for the employees and visitors to Plant and Office locations.

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

As mentioned in Point No. 1 & 2, the Covid-19 outbreak and the consequent lockdown have pushed the poultry sector of the country into a severe crisis. The operations of the Company suffered heavily, owing to false information linking Covid-19 to the consumption of chicken and eggs and subsequently due to problems in the supply chain during the lockout period since early January.

Further the hotels and restaurants have still not opened. The Company incurred and is still incurring large net losses due to sharp decline in demand, realization & profitability.

The demand of the poultry products had been heavily dropped since the arrival of Covid-19 in China and is still dropping at a fast pace. The shutdowns of the food chain services including restaurants, the institutional supplies, marriages and tourism due to Covid-19 pandemic has also affected the market growth and demand. Further, the demand and supply are market driven elements and therefore we could not ascertain as when this situation will be stable.

The Covid-19 has caused more than just disruption in the market because it has not only caused disruption in the supply, demand, production or logistics, but the biggest disruption is on consumer behavior- the lifestyle, the way of eating, the attitude towards spending, the purchasing behavior, the driver of making choices, and so many other things are all set to get disrupted.

As far as present scenario is concerned, this situation is absolutely unpredictable and also believed that the best of the analysis will not be able to comprehend how this situation is going to be enrolling in future.

6. Details of impact of CoVID-19 on listed entity's:

- Capital and Financial Resources;

Company's capital & financial position have been critically affected due to number of reasons such as sharp increase in the key ingredients i.e. maize and soya, feed shortage, logistic difficulty; sales have been slumped since early January when rumours linking the Covid-19 to chicken consumption started to gain ground on social media. The Covid-19 crisis has severely destabilised the poultry sector.

Further, there is delay in payments to be made to its suppliers, farmers, creditors etc.

- Profitability;

The profitability is expected to weaken substantially. The impact is likely to be contained by the 4th quarter of FY 2020, although the profitability of poultry industry in the current quarter will be harmed. Due to Covid-19 the credit profile of the Company has been deteriorated significantly for the current book year, with huge operating losses due to high input cost and devalued realisation.

- Liquidity Position;

Revenue has been sharply affected due to no major sales during the lockdown period and non receipt of payment from outstanding debtors.

- Ability to service debt and other financing arrangements;

The Company finds it difficult servicing of its debts or financing arrangements. The Covid-19 has put the industry in a pickle and therefore Government help needed to be sought to prevent a catastrophe.

- Assets;

The Covid-19 outbreak has also hugely impacted the assets of the Company such as shortage of inventory, liquidity etc.

- Internal Financial Reporting and Control;

All the internal financials and reporting have been maintained adequately.

- Supply Chain;

Supply chain is intensely affected due to constraints in raw material and transportation.

- Demand for its products/services

Demand for the product has been heavily affected and dropped due to the rumours circulated in social media, linking poultry birds as possible vectors of the virus and is still dropping at a fast pace. The shutdowns of the food chain services including restaurants has still been affecting the market growth and demand.

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

The Company at present continues to fulfill its obligations with respect to all the existing contracts and agreements. The Company does not foresee any material impact on account of non-fulfillment of obligation by any party in existing contracts or agreements. However, there may be delay in payments to be made to our suppliers, farmers, creditors etc. and vice-versa.

8. Other relevant material updates about the listed entity's business.

Demand for the product has still been heavily affecting and dropping due to the rumours circulated in social media, linking poultry birds as possible vectors of the virus. The shutdowns of the food chain services including restaurants has still been affecting the market growth and demand.

Apart from the above updates, there is no other relevant update about the business of the Company. However, the Company is monitoring the situation and will further update on the matter as and when required. The Company shall keep all its stakeholders informed as and when any material development takes place which may have a significant impact on the Company.