



Span Divergent Ltd.

(Formerly Span Diagnostics Ltd.)

9th Floor, Rajhans Bonista,
Behind Ram Chowk,
Ghod-Dod Road,
Surat-395 007, INDIA

☎ +91 261 266 32 32

☎ +91 261 266 57 57

Date: May 22, 2020

To,
Listing Compliance Department
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy, Tower, 25th Floor,
Dalal Street,
Mumbai – 400 001

Dear Sir/Madam,

**Subject: Disclosure as required under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Impact of COVID-19 pandemic
Scrip Code: 524727**

Pursuant to Regulation 30(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 issued on May 20, 2020, We would like to inform the Stock Exchange and Stakeholders impact of the Pandemic COVID 19 on business operation.

Covid-19 pandemic is an unprecedented health situation in the world, which has swept almost all the countries under its effect.

Span Divergent Limited (SDL) is a Holding Company and it has its investment in various businesses run by the subsidiary companies/LLPs. Its ability to be run as a going concern largely depends upon the ability of the various subsidiary companies.

During lockdown period, corporate office Staff worked as per “work from home” policy. The Corporate office of the Company is resumed with minimum staff as per the approvals/clearances from the Government of Gujarat and the Company is complying with all the requirements related to Social Distancing, mandatory to wear face mask and have proper sanitizations frequently.

A Brief note about business status of each of its subsidiary company is given below;

- a. **Dry Fruit Factory LLP (DFFL):** Span has the highest amount of investment in this venture. DFFL is involved in processing of Raw Cashew Nuts. The revenue of DFFL comes from the Service Income in form of Tolling Charges. As the Tolling Contract is for the Long Term, DFFL did not face any adverse situation in generating revenue and the Tolling Operation was continued till the nationwide lock down was declared with substantial pending Work in Progress inventory and DFFL expects fresh stock of Raw Cashew Nuts for processing, once the lock down situation ends.

However, if the government declares any rules or regulation on working with reduced labour strength, then it shall be difficult to get plant run on full capacity in coming months as originally envisaged. As such there were plans on running the operations on 16MT from April 2020 onwards, which will be delayed. Under these circumstances, there is likely hood of achieving breakeven level sales turnover with significant delay as compared to original plan.

- b. Aranya Agribiotech LLP (AABL):** AABL is involved in Plant Tissue Culture business which falls into the Agriculture Activities. The cycle time for the business operation is 13-15 months and agriculture produce in form of Hardened Plants are ready to be sold between the month of June and September. At the end of March 2020, all the plants were in the laboratory undergoing growth cycle. Also, as part of alternate strategy of manufacturing as a trial to reduce cost, some plants were transferred to another company for manufacturing (Manufacturing was outsourced). The onset of Covid-19 during the period will have an impact on the operation outsourced to the Lab situated at Maharashtra. Due to Lock down, the work has stopped and there will be higher mortality than estimated in the lab as well as in the hardening. Due to this Company will have an impact of up to 50% of revenue in top line. However, the financial impact is expected to be relatively lower in terms of cost overrun, as payment is based on delivery of healthy plants and for rest of the plants there is no payment to be made. It is also expected that by the time the plants are ready to sale during the month between June-20 and September-20, the Covid-19 pandemic would have been brought under reasonable control and business operation would assume normalcy. In fact, Company has orders in hand and shall be shipped during the season as soon as the plants become ready and transporters resume operation ensuring timely delivery commitments.
- Further as a part of restructuring, AABL has already decided to down size its business operation, by focusing on high value unique products developed by its in-house R & D and getting out of large-scale production of low margin Banana Plants. This further reduces the vulnerability of the business to any uncertainty.
- New R&D laboratory is in process of establishment at Vadodara, Gujarat. It is expected that after lockdown, some pending interior work shall be completed and the operation shall be resumed.
- c. Biospan Contamination Control Solutions Private Limited (BCCSPL):** This is a joint venture company between SDL and Micron Clean UK, engaged in trading Clean Room products to large sized Pharmaceutical and Biotech Companies. BCCSPL has been able to supply all the pending orders till the nation-wide lockdown was announced on 24th March 2020. Due to very nature of the products, (being protective gears and disinfectants) the demand of such products is expected to increase in future and outlook for the business is very optimistic.
- d. Biospan Scientific LLP (BSLLP):** No significant business is carried out under this subsidiary LLP and there was no impact of Covid-19 on the business of BSLLP as of 31-3-2020. The business is expected to be carried out unaffected during the Covid-19 pandemic, should it continue further, as the products traded by BSLLP falls under the essential products during pandemic and supply is expected to be continued.
- e. Span Diagnostics LLP:** No business activity is carried out in this company.
- f. Desai Farm Harvest LLP:** No business is actively carried out in this company.

The Operational Activities are recently commenced in small way according to guideline issued by the Government with face mask; face cover, proper sanitisation of work place and social distancing. The Company and its subsidiaries have taken proper steps to ensure smooth functioning of operations. As per the government guidelines, all companies operation shall be scaled up. Though there may be some impediments in scaling up of in terms of availability of workmen due to migration of workmen in past few weeks.

Supply Chain/Liquidity Position and Ability to service debt: Covid-19 pandemic has halted the operations worldwide and there might be supply disruptions, if the pandemic is prolonged. All companies under the group are likely to continue to face interruptions in business with high degree of

liquidity crunch and mounting of losses and foresee difficulties in servicing debts. However, recently announced stimulus package by government, if implemented timely and in right spirit along with some relaxation by RBI in credit policy may help SDL put its businesses on track without unsurmountable difficulties.

Internal Finance Control: No major impact, the control are in place, as till 20th March 2020, The business processes were carried out normally and during the lock down period; businesses were transacted as Internal Finance Control system in place, and authority matrix under controlled environment.

The company is assessing the future impact of CoVID-19 on other aspects, operations, profitability, liquidity position, demand for its products/service and it will update on these issues by the time of publishing the quarterly and/or annual financial results.

You are requested to kindly take above on record.

Thanking you,

Yours faithfully,

For Span Divergent Limited

Sd/-

Viral Desai
Managing Director (DIN: 00029219)
Contact No.: 0261 266 32 32