August 3, 2020

The General Manager
Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai – 400 001

STOCK CODE : 509966

Dear Sir,

Sub : Covid -19 impact

Pursuant to Regulation 30 of the 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 and further to earlier disclosure on the subject dated 9th May, 2020, an update relating to the impact of the Covid-19 pandemic is enclosed.

We request you to take the same on record.

Thanking you,

Yours faithfully,

For VST INDUSTRIES LIMITED

PHANI K. MANGIPUDI
Company Secretary and
Head-Legal & Secretarial

Encl : As above
Impact of Novel Corona Virus (COVID-19) on the Company’s operations

The outbreak of COVID-19 pandemic has had an unprecedented impact on the Nation, its citizens, the economy and business. In order to curtail the impact, the Government of India imposed a nationwide lockdown from 25th March 2020. As a result, the business operations of the Company were adversely impacted in the form of disrupted supply chain and decline in consumer demand. Since mid-May 2020, while the manufacturing operations have gradually started returning to normalcy, we estimate the pandemic to continue having its impact on sales. It is also seen that some States have selectively started re-imposing lockdowns. This could have some negative impact on operations, however, the management continues to monitor the changes and impact, if any.

The MHA guidelines are being strictly followed by your Company, especially the factory operations, where social distancing and time gap between the shifts is maintained and sanitization processes are being diligently followed. Complying with the guidelines impacts man hours that can be utilized and puts pressure on production capacities. However, the Company is giving its best to scale up its operations to pre-Covid levels. Though offices are open, office functioning continues to be primarily from home and the field sales force functioning has steadily improved as more outlets have started opening.

The Company did not and does not foresee any defaults or non-fulfilment of obligations under any of its existing contracts with vendors or third party suppliers which will have a significant impact on the Company’s business performance, including its work force.

The management has also considered the possible effect that may result from the continuing uncertainty relating to pandemic and its impact on the recoverability/carrying value of its assets viz. trade receivables, investments, financial instruments and effectiveness of its hedges. Based on analysis the Company does not foresee any material impact in the recoverability of the carrying value of these assets.

In the challenging context of COVID-19 disrupting markets, the company delivered a resilient performance with the gross sales revenue for the quarter declining by 4% while the Profit after tax was flattish which is a reflection of its intrinsic strength.