



Convenience Foods (Lanka) PLC

27 April 2020

Mr. Renuke Wijayawardhane
Chief Regulatory Officer
Colombo Stock Exchange
04-01, West Block
World Trade Centre
Colombo 1.

Dear Sir,

**RE: CIRCULAR NO 06-04-2020 – DISCLOSURE REGARDING IMPACT OF COVID 19 ON
BUSINESS/OPERATIONS OF CONVENIENCE FOODS (LANKA) PLC**

With reference to your circular dated 20 April 2020, we hereby disclose the following with regard to our business/operations in view of the ongoing COVID-19 pandemic.

The impact of and response to COVID-19:

Subsequent to the outbreak of COVID 19, our Company has taken appropriate measures to ensure compliance with various directives issued by the government from time to time including provision of protective equipment, social distancing, work from home arrangements and health and safety measures.

As an essential food manufacturer, the Company has been operating during the curfew period in order to ensure that adequate supplies are available in the market.

We have implemented a work from home policy for some office-based employees as the primary focus of the company has been to ensure the continuation of business activities subject to the health and safety of employees. To all employees who use public transport, we have provided transport services to their home when they are required to report to work. An extra incentive was also provided to factory staff as a way of rewarding their commitment in this period of pandemic crisis.

Manufacturing is carried out only for a limited products considering the disruptions in the supply chain caused by the intermittent island wide curfew imposed and limited number of workers on the factory floor in keeping with the required health and safety regulations.

Manufacturing of our main product, 'Lankasoy' depends on imported soy flour from India. Considering the lock down situation in India, obtaining undisrupted supply of soy flour maybe challenging. However, all attempts are made by coordinating with the Indian supplier to ensure the continuous supply of soy flour. As a way of minimizing this uncertainty, we have also attempted to seek suppliers from other countries to broad base the supply sources. The unexpected depreciation of the Sri Lanka Rupee against the US Dollar as a result of the current situation and its future movements will need to be closely monitored by the Company as an importer of raw materials.

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Continuous distribution of the Company's products is taking place adhering to the health and safety regulations put forward by the Government. The prevailing circumstances have made the cash collection process challenging mainly because banks are operating during limited hours and restrictions in movement due to curfew. However, the Company has taken necessary steps to maintain a strong liquidity position by deferring discretionary capital expenditure and strict control of costs.

On a positive note, being a part of the CBL Group, the Company has been able to partner with CBL to capitalise on the opportunity to sell products through online channels. This customer base is expected to continue and grow for a foreseeable future.

Impact of COVID-19 on company's future operations and financial condition:

Acknowledging the efforts taken by the Government to contain the spread of the disease and flatten the curve of the pandemic, we will continue to operate within the limitations and safeguards required to ensure the health and safety of the employees while continuing to support the Government by providing an uninterrupted supply of essential food items.

Further, changes in the internal and external environment will be closely monitored by the Company with a cost control approach to ensure the continuity of the business

We strongly believe that the Company is geared to strive through this global crisis and continue to deliver shareholder value going forward.

Yours faithfully,

CONVENIENCE FOODS (LANKA) PLC



Thilanka De Zoysa
Managing Director