THE INDIA CEMENTS LIMITED

Corporate Office : Coromandel Towers, 93, Santhome High Road, Karpagam Avenue,
R.A. Puram, Chennai - 600 028. Phone : 044-2852 1526, 2857 2100
Fax : 044-2851 7198, Grams : 'INDCEMENT'
CIN : L26942TN1946PLC000931

SH/SE 30.06.2020

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No.C/1, G Block
Bandra-Kurla Complex
Bandra (E)
MUMBAI 400 051.

Scrip Code: INDIACEM

BSE Limited
Corporate Relationship Dept.
First Floor, New Trading Ring
Rotunda Building,
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
MUMBAI 400 001.

Scrip Code: 530005

Dear Sirs,

Sub.: Disclosure of material impact of COVID 19 pandemic on the Company's Business and its operations

Ref.: 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 May 20, 2020

In continuation of our earlier letter dated 08.05.2020 intimating the resumption of operations of the Company, we disclose herein the material impact of COVID 19 pandemic on the business and operations of the Company:

Impact of the COVID 19 pandemic on the business

The spread of novel coronavirus disease (COVID 19) has severely impacted businesses in India and abroad. The regular business operations have been disrupted severely due to lockdowns, restrictions in transportation, supply chain disruptions, travel bans, social distancing and other emergency measures. The company on its part took pro-active steps from the 3rd week of March 2020 onwards in creating awareness of maintaining hygiene, cleaner environment, social distancing, etc. and strict adherence to the rules of the government relating to lockdown. The Operations were shutdown / minimised at places as per the Governments Directions / Notifications. The lockdown is continuing in most of the States, where the Company's Plants are operating, with such restrictions / relaxations as the respective Governments have been imposing / granting from time to time, depending on the prevailing situation.

The Operations are resumed in phases from April 2020, by adopting a series of precautionary and safety measures including the compliance of Standard Operating Procedure for Social Distancing and other measures, advised by the Central/State Government(s) and appropriate Authorities, for prevention and containment of the COVID 19 pandemic, from time to time and the Company is committed to the cause of the safety and wellbeing of all the stakeholders and the general public. The Company has contributed to Chief Ministers Relief and other funds, apart from taking its own initiatives on various fronts for prevention and containment of the disease.

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Impact of the COVID 19 pandemic on the operations of the Company:

The operations and despatches of the company have been stopped from the last week of March 2020 as per government directives and despatches started in lower scale after 15th of April 2020 after relaxation of the lockdown rules. The pandemic situation has affected the normal business operations of the Company and production, sales and profitability, inter alia, have been impacted.

The Company incurred a loss of Rs.35.51 Crore, exclusive of other comprehensive income for the financial year ended 31-03-2020.

Estimation of the future impact of COVID 19 on its operations:

The Company has started operations with partial lifting of the lock down during April 2020. The capacity utilisation of the industry as well as of the Company is still below the normal levels. The prices have recovered smartly from April 2020. However, given the current COVID 19 situation and the re-introduction of lockdown in certain parts of Tamil Nadu, it is very difficult to predict how the economic growth will be in the immediate two quarters. Given that India's economy is driven by its high domestic consumption and a strong rural base, it is expected that the economy will bounce back once the pandemic situation is under control.

Steps taken to ensure smooth functioning of operations:

The work places at Plants, Offices have been sanitised to ensure disinfection and Standard Operating Procedure has been in place before resumption of operations.

The Company is providing masks, hand gloves and other safety apparatuses, apart from sanitizers, disinfectants, preventive/immunity development medicines to employees, their families and others at regular intervals

Thermal scanning to the Employees, Social distancing and sanitisation of Hands and wearing masks by all Employees in all the divisions of the Plants and Offices are strictly adhered to.

Awareness Campaigns are conducted on COVID 19 and social distancing in the Plants and Offices.

Disinfection of Vehicles, Equipments, Machinery and tools in all the Plants, work places in all offices has been periodically carried out.

Environmental and plantation care has been taken at all Works.

Medical check-ups to Employees and their families, including contract labourers are conducted regularly.

The Company has adopted a 'work from home' policy for the employees working in Branches, Regional and Corporate Offices and ensured smooth transition to new style of functioning, thereby the business operations of the Company continued uninterruptedly.

Plants and Offices are operating with the permitted minimum level of workers/staff, as stipulated by the Governmental authorities, from time to time.

The Company has given paramount importance to the well-being of all its employees and their family members. The Company has been paying salaries to all its employees without any reduction on account of COVID 19.

Details of impact of COVID 19 on the Company:

The Company has proactively taken various measures in respect of cost reduction, cost control, reduction of capital expenditure and effective working capital management. The Company ensures that such measures will not have any impact on the overall operations and effective functioning of the Plants. The Company is maintaining sufficient stock of inventories in all its plants at optimum level to meet production requirements. The capital expenditure of vital nature is being carried out and other major expansion will be taken up by the Company, once the demand for the product attains stability and liquidity position of the Company strengthens.

Capital and Financial Resources:

The Company, in the normal course of its business, may raise/obtain financial resources/facilities, from time to time, in the form of capital, term loan, debentures, bonds and other instruments/facilities for meeting its various business purposes including expansion and working capital and other requirements of the Company.

Profitability:

The Company is expecting that with the easing of lockdown in stages by the Governments, the demand for the product will get stabilised into normal levels in due course of time. Once the demand picks up, the Company will gear up its capacity utilisation, stabilise its operations and improve its performance.

As the Plants, at present, are not operational at their full capacity utilisation, the profitability of the Company for the year is not ascertainable at this stage.

Liquidity position:

The Company has been servicing its debt and interest obligations on the respective due dates as per Schedule. The liquidity position of the Company is adequate and stable.

Ability to service debt and other financing arrangements:

The Company has availed the first moratorium offered by Reserve Bank of India and has requested its lenders to extend the second moratorium, as per the recent guidelines issued by RBI. The Company's ability to service its debt obligations and meet other financial commitments is adequate. The Company is in the process of conserving its cash resources in the best possible way in order to maintain its liquidity position.

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Assets

The Company has assessed, in line with "Advisory on Impact of Coronavirus on Financial Reporting" issued by the Institute of Chartered Accountants of India, the recoverability and carrying values of its assets comprising property, plant and equipment, intangible assets, trade receivables, inventory and investments as at 31.03.2020, the balance sheet date. Based on the Company's assessment, the net carrying values of the said assets will be recovered at the values stated.

Internal Financial Reporting and Control

The Company evaluated the internal controls including internal controls with reference to financial statements, which have been found to be operating effectively, given that there have been no dilution of such controls due to factors caused by COVID 19 situation.

Supply Chain

Though there were disruptions in the Supply Chain due to Pandemic in the short term during the lockdown period, the Company does not expect any major impact of Pandemic on the Supply Chain system.

Demand for its products / services

The Demand for the product is well recognised in the market place as a premium brand and the Company has its own established market share. The Company is not expecting any major change affecting the demand for its products and taking all necessary steps to stabilise its market position and reduce the impact arising on account of COVID 19.

Existing contracts / agreements where non-fulfilment of the obligations by any party will have significant impact on the Company's business:

The Company is confident of fulfilling its obligations under the various existing contracts/ arrangements. The Company does not foresee any major impact on the Company's business due to the non-fulfilment of its contractual obligations by any party on account of COVID 19 pandemic.

Thanking you,

Yours faithfully,
for THE INDIA CEMENTS LIMITED

SWAMINATHAN SRIDHARAN
Digitally signed by SWAMINATHAN SRIDHARAN
Date: 2020.07.01 16:02:09 +05'30'

COMPANY SECRETARY