JK SUPER CEMENT
BUILD SAFE

JK Cement LTD.

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Registered Office :
Kamla Tower, Kanpur - 208 001 (U.P.) INDIA

CIN : L17229UP1994PLC017199

ISO 9001:2000 & ISO 14001 CERTIFIED COMPANY

Ref.No. JKCL/35/BSE/NSE/2020 Dated: 17.06.2020

BSE Ltd.
Listing Department
Phiroze jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai-400 001

National Stock Exchange of India Ltd.
Listing Department,
Exchange Plaza, C/1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai-400 051

Dear Sir,

Sub: **Disclosure of material impact of COVID-19 pandemic on listed entities under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

The Company has by letters dated 23.03.2020 and dated 17.04.2020/ 25.04.2020 informed the stock exchange about suspension of operations across its units on account of the outbreak of COVID-19 pandemic and restart of operations with limited manpower after receiving requisite clearance from the District Administrations.

This has reference to SEBI circular SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20th May, 2020 regarding disclosure by listed entities on the impact of COVID-19 pandemic on the business, performance and financials of the Company to the Stock Exchanges.

We wish to submit as under -

1. **Impact on the Business:**
Company's operations were suspended at all the locations in line with the Government directives of nation wide lock down w.e.f. 25th March, 2020.

This had an adverse effect on the financials. The business continuity was considered at the utmost priority with the safety and security of the plants and manpower during the lockdown period so as to ensure smooth restart of operations at the short notice. Employees has been working from home and Company management has been in continuous engagement with them. Standing operating procedures were prepared to develop awareness amongst the employees about the social distancing, sanitization, thermal screening and wearing mask. Core teams have been formulated across the plants to respond the rapidly changing scenario. Similarly, commercial teams have been formed to communicate with the channel partners and business associate through digital platform.

Shambhu Singh

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The Company has taken up various CSR initiatives by way of distribution of face mask, sanitizers, grocery items and food packets in coordination with the local administration. Company Employees have donated one day salary amounting to Rs.57.03 Lacs to PM Cares Fund.

The Company has resumed operations at its various plants gradually with the Government approval and following the guidelines of Ministry of Home Affairs, Government of India with close monitoring/ implementation of directives / guidelines issued by regulatory bodies from time to time.

2. **Future impact on operations:**

a) **Plant Operations**: Operations are gradually stabilizing after relaxations in the lockdown and all the four integrated and two split grinding units of Grey Cement as well as one unit of White Cement/ Wall Putty and one unit of Wall Putty only are operational and despatches are taking place from all the plants.

b) **Input Materials**: The international pet-coke price and availability is being closely monitored and actions are taken to ensure and uninterrupted fuel supply.

On account of lower power demand, power plant are not consistently operating resulting lower fly ash availability. Therefore, fly ash is being secured from the other power plants having more lead distance.

PP bags are used for packaging of cement and are manufactured by labour intensive units. There is labour shortage on account of migration of labour in these units, however, uninterrupted supply has been ensured on account of the large pool of bag suppliers.

c) **Logistics**: Initially all the supplies are met by road only, on account of the curfew imposed in the Nimbahera plant area having the rail head. From 23rd May' 2020 rail despatches have also been resumed.

Lower availability of truck drivers may have impact on the inbound and outbound logistics. Further, labour shortage may have impact on the clearance of material at the railway yard and turn around time of the rakes.

d) **Sales**: Channel partners are being contacted through the online platforms. Marketing staff is also going to field to meet the parties with flexible timings and ensuring proper protections / following the guidelines.

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Presently major portion of the cement demand is witnessed from retail market in rural and the semi urban area. Cement demand is expected to remain sluggish due to shortage of labour in urban areas.

3. **Finance:**

The Company's financial resources remain entirely protected inspite of adverse impact on its operations during the lockdown. There has been continuous review of the cash flow position with reduction in outstanding amount during the lockdown period. Further, inventories of all the input materials, semi finished foods and cement at all the locations and in ward/ outward movement of materials have been closely monitored.

All the Vendors / Contractors continue to work with the company based on long term relationship and Company is also committed to all business associates.

The Company has not availed the moratorium facility extended by the Banks as per the RBI guidelines and has serviced its debt obligations as per schedule.

Conserving Cash is essential during the prevailing circumstances, therefore, the overall Capital expenditure during the current financial year would be restricted to Rs.500 crores (including balance expenditure on the 4.2 million tonnes capacity expansion). Out of Rs.100 crores will be from internal accruals and balance would be from borrowed funds tied up/proposed to the tied up.

On account of rapid change in the scenario, Company management is in continuous coordination with all the stake holders so that the timely actions are taking to combat the situation.

This is for your information and record.

Thanking you,

Yours faithfully,
For **JK Cement Ltd**

Shambhu Singh
Asst. Vice President (Legal) & Company Secretary