Shankara
Building Products Limited

Date: 14th July, 2020

To
Department of Corporate services
BSE Limited
1st Floor, New Trading Ring,
Rotunda Building, Phiroze Jeejeebhoy
Towers, Dalal Street, Fort,
Mumbai-400001
Scrip Code: - 540425

To
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C-1,
G Block, Bandra Kurla Complex,
Bandra (E)
Mumbai-400051
Symbol- SHANKARA

Dear Sir

Sub: Update on the material impact of COVID-19 pandemic on the Company

Pursuant to Regulation 30 of 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, we are herewith submitting an update on the material impact of CoVID-19 pandemic on the operations and performance of the Company.

This is for your information and record.

For **Shankara Building Products Limited**

Ereena Vikram
Company Secretary & Compliance Officer

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Impact of the COVID-19 pandemic on the business

The lockdown necessitated by COVID-19 has impacted business activity all across. In keeping with government announcements and as part of prudent safety measures for our staff, all our business activities across stores, warehouses, vehicle fleet, factories and offices were shutdown since the latter part of March, 2020. While some locations have started easing from early May 2020 onwards, some parts of our network are still impacted because of local lockdown measures.

Currently about 70% of our locations are operational. Activities are picking up based on local conditions. Supply chain is slowly getting regularized though timely availability of material from suppliers is a key challenge. Customer demand during this period is also likely to trend lower which will have a negative impact on our overall revenues and associated profitability.

Ability to maintain operations including the factories/units/office spaces functioning and closed down

A large part of our business comes from tier 2/3 locations which has also helped us normalize operations faster. For locations which are not operational, we are engaging with our customers helping them with supplies wherever feasible. Some important government projects and hospital requirements are also being serviced with relevent approvals. We see some pent up demand for pending projects. Irrigation segment requirements have also heldon.

Schedule, if any for restarting the operations

Wherever local conditions are conducive to restart operations we have done that. However, we continue to abide by local government guidelines with regards to work timings and staff strength.

Steps taken to ensure smooth functioning of operations

We highlight below the key measures that we have undertaken as part of the new business environment:

- Employee safety: Social distancing and workplace guidelines have been communicated in all our work locations. Wearing of face mask is compulsory in our premises. Adequate arrangements have been made for temperature screening and sanitizers are provided at convenient places. Walk-ins are being controlled to ensure adequate social distancing. Frontline staff have been adequately trained to ensure protection. Workplace is sanitized frequently, especially the common touch points. We are working with reduced staff strength and restricted timings. Seating of employees have been spaced out and functions which can work from home are being encouraged.

- Liquidity: During this period we are conserving liquidity as far as possible. We have ensured that we have adequate fund availability to maintain our business operations at the current level. We are in regular discussions with our customers to ensure that the business rotation continues while reducing overall outstanding. We are also looking at serving customers from our existing stock. Fresh purchases are being undertaken in a very controlled manner. We are also engaging with our creditors and working along with them to ease cash flows. Fresh capex projects are currently put on hold and only ongoing necessary capex is being completed.

- Cost control: We are relooking at our cost structures and rationalizing the same according to the current needs of the business. We currently have 115 stores. We have shutdown 5 stores namely Kunnamangalam, Calicut; Marathayal, Telangana; Medavakkam and K.K. Nagar, Chennai and Marathahalli, Bangalore.

- Digital channels: Digital channels and technology become imperative to deal with such situations. We have provided sufficient technology and infrastructure support to enable work from home. We have provided online channels to reach out to customers for contactless sales.

Estimation of the future impact of COVID-19 on the operations

It is very difficult to assess the future outlook at this stage as we are not yet past the COVID-19 crisis. However, given the trend of our limited operations since restarting in early May, we are confident that we will tide this situation in the ensuing months.

Details of impact of COVID-19 on the following

- Capital and financial resources: Please refer to paragraphs above
- Profitability: Please refer to paragraphs above
- Liquidity position: Please refer to paragraphs above
- Ability to service debt and other financing arrangements: Our debt servicing and interest payment obligations continues to be as per schedule.
- Assets: Please refer to paragraphs above
- Internal financial reporting and control: No impact
- Supply chain: Please refer to paragraphs above
- Demand for its products / services: Please refer to paragraphs above

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

We have adequate resources to fulfil our obligations and existing contracts/agreements.