

STAR CEMENT LIMITED
(Formerly CEMENT MANUFACTURING COMPANY LTD)

Date: 08th June, 2020

To,
The Listing Department,
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block-G
Bandra Kurla complex, Bandra-East
Mumbai-400 051
Stock code: STARCEMENT

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai-400 001
Stock code: 540575

Dear Sir(s),

Sub: Disclosure of Material impact of COVID-19 pandemic under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20th May 2020, we wish to inform you the followings.

Since the beginning of March 2020 the Company had started keeping a close watch on the COVID-19 situation of the Country and internally reviewed the situations.

As soon as WHO declared it as global pandemic we have started creating awareness amongst the employees, workmen etc., about the need for thermal scanning, sanitization, hygiene, wearing masks and observing social distancing norms and avoid travelling. Various e- mail communications were sent to the employees and workmen. Posters in the local language to educate the workmen were put at prominent locations of the plant and offices.

After Nationwide lock down announced by the Central Government, operations at the Plants and at our various offices were suspended. Stock Exchange intimation were given. While suspending the operations various measures were taken for keeping plants, inventory and other high risks materials safe. Work from home facilities were provided to the employees for uninterrupted operations and keep the business going on despite all odds.

Pursuant to Company's CSR initiatives the Company is keeping touch with local panchayats and village representatives to assess their needs and provide necessary support. Face masks, hand sanitizers etc., were distributed amongst the local people.

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AN ISO 9001, ISO 14001 & OHSAS 18001 CERTIFIED COMPANY

CIN NO. L26942ML2001PLC006663

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A) Impact of the COVID-19 pandemic on the Business:

The Company and its Subsidiaries have taken a series of measures in view of the COVID-19 pandemic to ensure safety and health of all our employees, workers etc., and to ensure compliance with various directives being issued by the World Health Organisation (WHO), Central Government, State Government and Local Authorities from time to time. In view of the lock down announced across the country, the operations at the Plants situated in the State of Meghalaya and Assam were temporarily suspended. At present situation, it is premature to predict the time it may take for normalising situation. Various restrictions related to operations and mobility have impacted the Company's operations and resulting effect on profitability. Hence, the pandemic has impacted production and business operations during lockdown period and thereafter.

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

The Company has taken conscious series of measures for uninterrupted operations and ensuring a safe working environment. Before announcement of the nationwide lockdown the Company had opted 'work from home' for its employees thereby ensuring seamless operations, reporting and controls and taken steps to ensure business continuity. Subsequently, to ensure this, after taking approvals from the Government, partial operations at the plants have been resumed with reduced workmen and staff as per directives. The necessary adequate arrangements have been undertaken to ensure safety of the staffs and the workmen with regard to maintaining social distancing, providing sanitized work environment and protective equipment as necessary, across its establishments.

C) Schedule, if any, for restarting the operations:

The plants situated at Meghalaya and Assam were partially operational and Stock Exchanges intimation were given. Now, State Governments have allowed to operate the plants at full (100%) capacity. Accordingly, necessary actions have been initiated. Production will be normalised in a phased manner. We already have resumed partial operation at our various offices with reduced staffs as per guidelines and norms of the Government. The Company has adopted the provisions of the Standard Operating Procedure (SOP) in line with announcement of the Ministry of Home Affairs, Government of India and was cautiously planning its work schedule in line with the directives issued by the Government and the regulatory bodies from time to time. As per directives of the State Government, Corporate Office have started operation with 100% attendance with effect from 8th June, 2020.

D) Steps taken to ensure smooth functioning of operations:

The Company has put in place strict monitoring process for prevention of Covid-19 ensuring the following:

- Temperature checking for employees/ workmen on daily basis.

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- Hand Sanitization while entering the Plant and offices premises and placed hand sanitizer at different positions in office/plant.
- Wearing of Mask made compulsory while working.
- Ensuring and enabling social distancing at work place.
- Touch Free Drinking water/ Hand sanitisation/ lift facility is made available through our internal innovation and creativity.
- Awareness created amongst employees/ workmen.
- Advised employees to have Aarogya Setu App.
- Standard Operating Procedures (SOP) have been prepared and communicated to all concerns.

E) Estimation of the future impact of COVID-19 on operations:

The operations at the plants was disturbed due to nationwide lockdown announced. There had an adverse impact on revenue. With the easing lock down, the Company has started despatching cement. Some institutional projects have commenced operations. We estimate that with the rolling back of economy in its track, business of the Company will be in motion.

F) Details of impact of COVID-19 on Listed Entity:

(i) Capital and Financial Resources

The Company's capital, financial resources and Banking facilities remain unaffected. There were no liquidity crisis reported inspite of adverse impact on sales. However, there may be some delay in receivable collections from some of the Dealers.

(ii) Profitability

In view of lock down announced across the country, the profitability of the Company during 1st quarter of current financial year is likely to be impacted. It is expected with the rise in economic condition of the Country, areas where Government spending be good will see rise in demand.

(iii) Liquidity Position

There are no liquidity concerns as banking facilities was unaffected. During the lock down period, the Company has been servicing its financial obligations as per schedule. All scheduled payments including salaries of the employees were paid in time without any deductions. We have undertaken impact analysis on our cash flows both under pessimistic and optimistic scenario.

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(iv) Ability to service debt and other financing arrangements

The Company has ample unutilised working capital facilities to meet its' financial requirements. The Company is a debt free company and having strong liquidity position, therefore, there was no impact on meeting financial obligations.

(v) Assets

None of the Assets of the Company have been impacted or impaired by the Covid-19.

(vi) Internal Financial Reporting and Control

The Company has robust Internal Financial Reporting and Control system. All reporting systems worked seamlessly without any disruption.

(vii) Supply Chain

Due to imposition of restrictions on movement across the country, there is some impact on supply chain. It will take some time to normalise. But with the rise in economic activities within the country, the same will be restored within a very short span.

(viii) Demand for products/ services

There has been impact on demand of products. The Company has been maintaining sufficient inventories across the plants to meet with the production requirements.

(ix) Existing contracts/ agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business

The Company is in a position to honour all existing agreements and contracts. There is no such contracts with any party where non-fulfilment may have significant impact on business.

H) Other relevant material updates about the listed entity's business.

NIL

You are requested to take the same on your record.

Thanking you,
For Star Cement Limited

X

Debabrata Thakurta
Company Secretary
Signed by: THAKURTA DEBABRATA

08-06-2020



Debabrata Thakurta
(Company Secretary)

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