

Date: 29th 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: Disclosure of 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

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Company Secretary & Compliance Officer





This is in continuation to our earlier intimation dated June 10, 2020 and NSE clarification dated July 14, 2020 and pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular bearing Ref. No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020 regarding advisory on disclosure of material impact of COVID-19 pandemic on the operations and performance of the Company and SEBI Circular No CIR/CFD/CMD /4/2015 on continuous Disclosure requirement dated September 09, 2015.

Business environment: The overall business environment continues to be very uncertain. Recurrent lockdowns add to the business challenges and money flows. The banks and NBFCs are also taking a cautious approach in this environment. While some of the tier 2 / 3 locations have not been impacted as much as of now, the end consumer sentiment is dented. Fresh spending on new projects is likely to be pushed out. Commercial real estate assets are expected to face challenges with changing consumer habits. We are also in the seasonally weak period of monsoons.

Segment overview: Our three business segments have also been impacted. The walkins in the retail stores have been reduced and home construction / renovation plans have been deferred. The enterprise segment has been impacted by end user demand and no firm schedules. The channel segment as of now continues to hold at a lower threshold. Our processing business currently operates at lower utilization levels.

Revenue Outlook: As the lockdown has eased off in parts of the country, the demand has, as of now, seen an increase in the last couple of months. FY21 demand is likely to be at around 65% levels as compared to last year. Revenue for the first quarter of FY21 stood as below. Overall revenues for Q1 FY 21 would be at around 54-56% of last year levels.

| Month | Sales (Rs. in crs) | % of sales as compared to last year |
|------------|--------------------|-------------------------------------|
| April 2020 | around 26-30 | around 13-15% |
| May 2020 | around 145-155 | around 65-67% |
| June 2020 | around 165-175 | around 78-80% |

Key Balance Sheet Parameters: Our focus has been to strengthen our Balance Sheet to navigate these uncertain times. With this focused approach, we have been able to reduce our debtors and inventory levels by more than Rs. 100 crores each as compared to March 2020 levels. We have been able to reduce our overall debt & acceptances by around 12-14% as on 30th June 2020. Below are the details of the same.

| Particulars | Inventory | Debtors | Borrowings |
|-------------|---------------|---------------|---------------|
| % Reduction | around 28-30% | around 27-29% | around 12-14% |

We have been very cautious on our capex & opex and our overall fixed cost have been realigned to the new business requirements. Despite cost control measures, lower revenues and lower gross margins will have an impact on Q1 FY 21 results.





Employee / community safety measures: Our employee and community measures on wearing face masks, ensuring adequate social distancing and availability of hand sanitizers is operational. We are also encouraging work from home for our staff.

We have used this downtime to consolidate our operations, further work on efficiencies on our backend and strengthen supply chain. We believe the steps we are taking will help us tide the situation.

