

7th August, 2020

Corporate Relationship Department
BSE Limited
1st Floor, New Trading Ring, Rotunda Building,
P.J. Towers, Dalal Street, Fort,
Mumbai- 400 001
Scrip Code: 500335

The Manager
Listing Department,
National Stock Exchange of India Limited
'Exchange Plaza', C-1, Block G,
Bandra-Kurla Complex, Bandra (East),
Mumbai- 400 051
Scrip Code: BIRLACORPN

Dear Sir,

Sub: Disclosure of material impact of COVID-19 pandemic on the business and operations of the Company

Ref: 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 20th May, 2020

This has reference to our letters dated 22nd March, 2020 and 23rd April, 2020 vide which we had informed the stock exchanges about the temporary suspension of operations at various locations/units of the Company on account of nationwide lockdown due to outbreak of COVID-19 and subsequent resumption of operations thereof keeping in line with the guidelines issued by the Government of India / States for resumption of manufacturing activities.

Further, pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20th May, 2020, we submit hereunder the material impact of COVID-19 pandemic on the business, operations and financials of the Company, to the extent possible:

1. Impact of the COVID-19 pandemic on the business:

In view of the outbreak of COVID-19 pandemic, the Company had to temporarily suspend its operations at all its locations/units from 22nd March, 2020 to comply with the Government directives. Pursuant to the Order of the Ministry of Home Affairs dated 15th April, 2020, the operations at various locations/units of the Company were resumed in a phased manner conforming to the guidelines / Standard Operating Procedure (SOPs) issued by the relevant authorities.

The closure of operations across all locations/units had an adverse impact on the manufacturing, mining, sales and profits of the Company.

2. Ability to maintain operations, restarting operations and steps taken to ensure smooth functioning:

The Company has taken proactive measures to ensure minimal disruptions of the operations. Even before the formal announcement of the nationwide lockdown, keeping in mind the well-being of its employees, the Company had enabled 'work from home' for its employees and taken all necessary steps to ensure a seamless transition to the new ways of working for employees, while at the same time ensuring business continuity. The Company has been in

continuous engagement with both its internal and external stakeholders through various digital platforms.

With the Government allowing selective activities to operate from 20th April, 2020, the Company resumed operations at its plants/establishments gradually after obtaining necessary government approvals and ensuring compliance with the statutory guidelines. The Company made all precautionary arrangements having regard to social distancing norms, safety, health and wellbeing of the workers and employees at all its locations/units. 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. The Company has adopted the provisions of the standard operating procedure (SOP) announced by the Ministry of Home Affairs, Government of India and is cautiously planning its work schedule, while at the same time monitoring and complying with the advisories and directives issued by Government and other regulatory bodies.

3. Estimation of the future impact of COVID-19 on its operations:

The COVID-19 pandemic is evolving and has created a significant amount of uncertainty. As on date, all integrated plants, grinding units, blending units and the Jute Mills are operating to serve our customers. The pandemic has resulted in overall slowdown in the economic activities. Economic activities have resumed post Government's decision to unlock the country in a phased manner. A lot depends on the success of the various pandemic containment efforts being undertaken by the State and Central Governments and Health authorities and the government's policies with regard to lockdowns/restrictions in various areas of our operations. It is premature to forecast the future impact with credibility at this stage.

4. Impact on capital and financial resources; profitability; liquidity position; ability to service debt and other financing arrangements; assets; internal financial reporting and control; supply chain; demand for its products / services:

The Company has evaluated the possible impact of the pandemic on the business operations and based on its assessment of the current indicators of the future economic conditions, it is expected that the carrying amount of all its assets including inventory, receivables and advances will be recovered in the ordinary course of business. The Company's capital and financial resources remain entirely protected in spite of the adverse impact on its sales and profits during the disruption.

The Company's liquidity position remains adequately covered. There has been continuous review of the cash flow position with focus being on reduction in receivables & on ensuring smooth supply chain management. During the lockdown period also, the Company has been servicing its debt obligations as per schedule and on due dates. The Company has chosen not to avail the moratorium extended by the banks as per the Reserve Bank of India guidelines. We do not anticipate any impact on our ability to service debt and other financing arrangements.

The company has undertaken several measures to rationalize costs and improve efficiencies across the board. A special drive has been undertaken for aggressive reductions in fixed costs and optimization of transportation and distribution costs. We have also undertaken digitisation as a key initiative in all our functions to improve efficiency. The credit cycle has been tightened to manage credit risks owing to the tight liquidity prevailing in the markets and all these measures are helping the company to improve its profitability.



Our active treasury management and consistent hedging strategy should help contain volatility on account of exchange rate fluctuations.

The Company's internal financial reporting and controls are adequate and operating effectively and there have been no dilution of such controls due to factors caused by COVID-19 situation.

The Company is carrying sufficient inventories across all its plants to meet the production requirements. Suppliers both domestic and international, continue to partner with the Company, fully realising the benefits of long-term relationship and the company is also equally committed to all its stakeholders

The demand for the products of the Company will be a function of how the lockdown in various regions of the country pan out from time to time and return of migrant labours to the work places.

The ongoing project for putting up a 3.90 million ton Greenfield Integrated Cement Plant by RCCPL Private Limited (RCCPL), wholly owned material subsidiary of the Company, at Mukutban (Maharashtra) was impacted by labour shortage by the lockdown when no work was permitted and after that by shortage of workers. Some delays are expected in the implementation of the project. Construction is being stepped up gradually as workers return to the site, but it may take a few more months to bring workers back in full strength. Based on the current situation, we estimate the project to be commissioned in August 2021. Capex plan for grinding cement plant at Kundanganj of RCCPL has been kept on hold for the time being to restrict debt and conserve liquidity.

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

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

This is for your information and record.

Thanking you,

Yours faithfully,
For **BIRLA CORPORATION LIMITED**



(GIRISH SHARMA)
Jt. President (Indirect Taxes)
& Company Secretary