



THE RAMCO CEMENTS LIMITED

Corporate Office:

Auras Corporate Centre, V Floor,
98-A, Dr. Radhakrishnan Salai, Mylapore,
Chennai - 600 004, India.
Tel: +91 44 2847 8666 Fax: +91 44 2847 8676
Website: www.ramcocements.in
Corporate Identity Number: L26941TN1957PLC003566

19 June 2020

National Stock Exchange of India Limited,
Exchange Plaza,
Bandra-Kurla Complex,
Bandra (E), Mumbai – 400 051.

Scrip Code: RAMCOCEM

BSE Limited,
Floor 25, "P.J.Towers",
Dalal Street,
Mumbai – 400 001.

Scrip Code: 500260

Dear Sir,

Sub: Disclosure of Material Impact on Business and Operations due to outbreak of COVID-19

Pursuant to Circular No: SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20th May 2020, issued by SEBI, we enclose the details with regard to material impact on the business and operations of the Company due to outbreak of COVID-19.

Kindly take the same on record.

Thanking you,

Yours faithfully,
For **THE RAMCO CEMENTS LIMITED,**

K Selvanayagam

**K SELVANAYAGAM
SECRETARY**

Encl: as above

So/A



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Impact of the COVID-19 pandemic on the business

Due to the outbreak of COVID-19 and the lockdown announced by Government of India and State Governments, the Company's manufacturing facilities spread across five states had to be temporarily suspended. Because of this, our despatches were affected and this had affected the sales and had an impact on the revenues. However, this was not materially significant for the financial year 2019-2020, as the lock down was announced in the later part of March 2020.

Ability to maintain operations including the factories/units/office, Schedule for Restarting of Operations and Steps taken ensure smooth functioning

After getting permissions on the resumption of operations from the authorities concerned, the Company resumed its operations in a phased manner ensuring all the safety and sanitisation measures, including adhering of social distancing, etc. The lockdown is continuing in 2020-2021 with various restrictions / relaxations across different states and the Company is carrying on its operations, subject to such restrictions and relaxations.

For the employees at non-factory locations, viz. Corporate Office and Sales Offices, the Company had enabled "Work from Home", ensured daily operations and business continuity. The employees also adopted for a smooth transition for the new way of working.

The employees who are attending office for critical tasks, have been advised to follow safety precautions, like non-usage of air-conditioners in the office, mandatory wearing of face mask, regular use of hand sanitiser, maintaining social distancing in the work place, etc. We have also provided protective equipment for people. The safety measures that are being followed by us are in line with the Standard Operating Procedure announced by the Ministry of Home Affairs, Government of India.

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

The Company expects the demand for cement to get back to its normal levels, based on further relaxations that would be announced by the Central and State

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PAGE - 1



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Governments, in the course of time. Based on such demand pick up, the capacity utilisation level is expected to get stabilised. The Company is optimistic of reaching its earlier normal levels, in the medium to long term, when the restrictions are gradually lifted.

Wherever relaxations are in, economic activities have started resuming. New construction activity is minimal in urban and is primarily seen in the rural markets. Since we had good monsoons last year, the rural markets look more promising compared to urban markets. As our Company is well positioned in the rural markets, we expect to reap the benefit of demand growth there.

Projects and Infrastructure segments face huge challenges due to non-availability of workers, logistics constraints, uncertainties in imports and stress in the financial sector. We expect slowdown in the builder and commercial segments, which will have a bearing on the cement industry.

However, the estimation of the future impact of COVID-19 could not be predicted and quantified at this juncture, as we still continue to bear the brunt of the outbreak.

Impact of COVID-19 on the Company's 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's capital and financial resources are well protected though there is an impact on its sales. The lower sales would have a bearing on the Company's profitability. The liquidity position of the Company continues to be healthy. The Company has been servicing its debt obligations as per schedule on the due dates. The Company did not avail any moratorium extended by the Banks, as per the Reserve Bank of India's guidelines. The Company has sufficient liquidity / financial arrangements for the continuity of its business operations. The Company is confident of its ability to serve its debt and other obligations in future as well. The Company is confident to raise funds that may be required in the future, in the event of extension of the lockdown.

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PAGE-2



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As per our assessment, there could be a significant impact on the revenue and profitability in first quarter of 2020-2021, as our operations were temporarily suspended.

The Company expects to recover the carrying amount of inventories, trade receivables and other financial/non-financial assets.

The Company has got adequate Internal Financial Controls by means of Policies and Procedures commensurate with the size & nature of its operations and pertaining to financial reporting.

The Company's supply chain had got affected due to outbreak of COVID-19. However, after the announcements of relaxations and as the manufacturing facilities are located in the rural areas, where the Covid spread is not as rampant as in urban areas, the Company's supply chain, for both inward and outward goods are gradually improving.

The Company is carrying sufficient inventories across all its plants to meet the production requirements. The Company's suppliers and service providers have long-term relationship with the Company and have assured to extend their full co-operation with regard to their commitments on priority basis.

Government of India has given thrust for various infrastructure activities including Urban Rejuvenation Mission, Amrut and Smart Cities Mission and Upgradation of more than 1 lakh kms of road length in the next five years. Government has extended income-tax benefits under Section 80(1)(b)(a) of the Income-Tax Act, 1961, to promote affordable housing in India. These measures are expected to mitigate the contraction expected in the economy, due to COVID-19. Because of the measures announced by Government of India, Commercial and Industrial constructions are expected to come out of COVID impact, thereby increasing the demand for cement.

Existing contracts/agreements

The Company does not have any material risk of non-fulfilment of obligations by any party arising out of existing contracts/agreements. However, the Company's





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ongoing capacity expansion programmes are expected to get delayed, due to the absence of migrant labourers from the project site. The Company is taking all steps to minimise the delays.

Because of time over-run, the cost of ongoing capacity expansion programmes is expected to increase.

The Company's cost of production is one of the lowest in the industry. In addition, the Company is taking various steps to further reduce the cost across various functions. The Company's Brand RAMCO and its different types of cements for different applications are expected to protect its market share.

For THE RAMCO CEMENTS LIMITED,

K. Selvanayagam
K. SELVANAYAGAM
SECRETARY