



Carborundum Universal Limited

Regd. off: 'Parry House', 43, Moore Street,
Chennai - 600 001, India.

Tel.: +91-44-3000 6161 Fax : +91-44-3000 6149

Email : cumigeneral@cumi.murugappa.com

Website : www.cumi.murugappa.com

CIN No.: L29224TN1954PLC000318

18th June 2020

BSE Limited
1st Floor, New Trading Ring
Rotunda Building, P J Towers
Dalal Street, Fort
Mumbai 400 001

Stock Code: 513375
Through BSE Listing Centre

The Manager
Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor
Plot No. C/1, G Block
Bandra-Kurla Complex, Bandra (E)
Mumbai 400 051

Stock Code: CARBORUNIV-EQ
Through NEAPS

Dear Sir,

Sub: Intimation under Reg. 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We refer to our earlier letters informing the disruption/subsequent resumption of our manufacturing operations owing to lock situation caused by COVID-19 pandemic. In this regard, we enclose a disclosure in line with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20th May 2020 on the impact of COVID-19 pandemic on the Company as assessed at this point in time.

Further, we also wish to inform you that operations have been resumed at our manufacturing facility at Kolkata. The facility which was temporarily suspended due to the nationwide lockdown imposed continued to remain shut following the Cyclone Amphan in West Bengal. As the operations were already suspended, there was no material impact arising due to the cyclone.

Kindly take the above on record.

Thanking you,

Yours faithfully

For **Carborundum Universal Limited**

Rekha Surendhiran
Company Secretary

Encl.: a.a.





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Disclosure on impact of COVID-19 on the Company

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

The outbreak of the novel Corona Virus Disease 2019 (COVID-19) pandemic has posed an unparalleled and enormous challenge to the nation and world at large resulting in a lockdown situation. In adherence to the Government advisories and considering the well-being of our stakeholders, operations in all our manufacturing facilities situated across various locations of the country were suspended in a safe manner from 23rd March 2020 after following due protocols. However, considering that most of our plants have operations involving continuous processes at high temperature, as a safeguard measure, minimal essential staff required for safety and maintenance were deployed in such locations after undertaking due health and hygiene precautions.

Since then owing to the relaxations permitted by the Government, operations at all our facilities have resumed in a phased manner after obtaining requisite permissions from the state/local administrative authorities which has been intimated to the Stock Exchanges from time to time.

The COVID-19 pandemic has caused unprecedented disruption in business operations globally leading to cascading uncertainties making market and business conditions highly volatile. However, with sound financial position including efficient liquidity management supported by diversified global operations, reliable supply chain partners, passionate and dedicated employees and the inherent resilience built over 65 years, the Company believes it will be able to navigate through these challenges for a sustainable growth in future.

With respect to the financial statements of the Company for the year ended 31st March 2020, no material adjustments in the accounting entries or estimates or accounting policies were deemed relevant to be effected.

2. Ability to maintain operations including the factories/units/office spaces functioning and close, schedule, if any, for restarting the operations, steps taken to ensure smooth functioning of operations

Even before the imposition of lockdown towards end of March 2020, the Company stepped up its awareness campaign on social distancing and hygiene across all its plants and offices. Frequent, transparent and clear communication on the risk of spread of infection, safety and hygiene practices to be followed, the administrative arrangements made to ensure the standards are met etc. were made besides taking action in terms of review and revision of meetings and visitor policies/protocols, setting up of dedicated task forces for crisis management.

Once the lockdown was imposed, a seamless transition to remote working was made swiftly to the extent feasible, by putting in place a policy framework for operating from home with well-established protocols. This enabled significant personnel to continue to perform their services remotely in a safe and secured manner.

Some of the plants especially those located in green zones resumed operations quickly by mid- April after ensuring receipt of requisite permissions from the authorities and in adherence to the standard operating procedures laid down by the Ministry of Home Affairs from time to time. This adherence was ensured not only from a regulatory compliance perspective but by keeping in mind the well-being of our employees, customers and other stakeholders.





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Amidst these unprecedented and challenging conditions, all businesses across the Company continued to be engaged with our customers and suppliers.

The Company has been promptly disseminating the information regarding resumption of operations across its various plants from time to time. The resumption of operations was undertaken in a safe and secured manner after duly adhering to the safety checks, inspections and protocols including those directed by the Ministry of Home Affairs and with the requisite permissions from the local authorities. The following initiatives have been undertaken as a part of the Company's commitment towards safety and health of its stakeholders:

- Regular sanitization of the plants and workplaces;
- Equipment in plants were properly shut down during the lockdown situation and were restarted after following due safety and maintenance protocols;
- Safety and hygiene standards at workplace continue to be maintained with screening of all persons while entering, social distancing marks installed at appropriate places, staggered lunch timings etc.
- Wherever feasible, preliminary health checkups are being conducted before resumption of duty.
- Plants are equipped with adequate medical facilities including stocks of sanitizers, personal protective equipments and other hygiene requirements;
- Dedicated helplines 24x7 to counsel employees as well as provide them up-to date information were set up.
- Continuous training programmes not only for upskilling but also to enhance the mental and physical health conditions, were undertaken. Dedicated and clear communication and awareness programmes are being continuously conducted to sensitize the employees on the cause and effect of this disease

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

The lockdown conditions imposed resulted in shutting down of manufacturing operations from March 23, 2020. From mid-April 2020 some of the plants of the Company resumed operations. Though the conditions have been relaxed with almost all our plants having resumed operations, the lockdown continues in different phases across the country impacting demand and supply. The relaxation of lockdown conditions are also being reversed in certain States. Hence, as per our initial assessment, we expect the above to have an adverse impact on the performance of the Company for the quarter ending 30th June 2020. Considering the nature of the pandemic and the consequent uncertainty, the Company is not in a position to quantify the future impact on the business performance at this point in time.

However, the Company has undertaken a rigorous review of its business plan as well as contingency plan based on scenario planning being closely monitored by the Management.

Further, considering the global diversification of its operations, the impact on the consolidated performance of the Company too cannot be ascertained at this point in time.

The extent to which the COVID-19 pandemic will impact the future business performance of the Company both at a standalone and consolidate level is based on conditions which are highly uncertain and unpredictable.

4. Details of impact of COVID-19 on the Company

The Company does not foresee any material impact on its capital and financial resources. On a standalone basis, the Company is debt-free providing necessary liquidity to meet its financial obligations. Prudent cash





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management, efficient working capital management with focus on collections and payments, rigorous cost reduction measures etc. are being undertaken to increase efficiency and for minimising the impact on profitability as well ensuring sustainable growth. There is no impact on the internal financial reporting and controls which continue to be adequate.

The Company has made a detailed assessment of its liquidity position for the FY 2020-21 and has critically assessed the recoverability and carrying values of its assets comprising of property, plant and equipment, trade receivables, inventory, other current assets and investments and envisages no major impact on its assets.

Availability of raw materials and input services remains a key to operations. The Company is closely monitoring its raw material requirements and alternatives sourcing mechanisms for uninterrupted operations.

The Company believes that the demand for its products should revive once the end user industries pick up.

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

At present, the Company is in a position to fulfil its obligations and does not foresee any material impact on its business due to non-fulfilment of any obligation(s) by any party.

6. Other updates

The Company as part of its social responsibility to the community it serves has contributed to combat and contain the spread of COVID-19 besides actively providing relief measures. Some of the significant activities include contributions made to the Hosur Industries Association for setting up of COVID-19 ward in ESI hospital, Hosur, supply of essentials and materials to the needy in and around the plants of the Company, contribution to the PM-Cares Fund as well as to the corpus of Non-profit organisations to exclusively use the funds contributed by the Company on COVID-19 related initiatives etc. Further, the Company's canteens at various factory locations have also functioned as community kitchens to serve the needy during the nation-wide lockdown.

The detailed impact assessment of COVID-19 on the business of the Company is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to closely monitor the developments and the material impact, if any, will be disclosed to the Stock Exchanges from time to time.

