

25th May 2020

Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza
Bandra - Kurla Complex
Bandra [E], Mumbai - 400 051

Dear Sir / Madam,

Stock Code - KOTARISUG

Sub: Disclosure of material impact of COVID-19 pandemic under SEBI (LODR) Regulations, 2015.

Pursuant to Regulation 30 of SEBI (LODR) Regulations, 2015 and SEBI Circular No. SEBI/HO/CFD/CMDI/CIR/P/2020/84 dated 20th May 2020, please find enclosed herewith the disclosure on evaluation of the impact of COVID-19 pandemic on the Company.

We request you to kindly take the aforesaid information on record.

Thanking you

Yours faithfully

for **Kothari Sugars and Chemicals Limited**

R. Prakash
Company Secretary & Compliance Officer

Annexure

Pursuant to Regulation 30 of SEBI LODR and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20th May 2020, we wish to inform you the following:

(i) Impact of the COVID-19 pandemic on the Business:

Kothari Sugars and Chemicals Limited is considered an 'essential services' as per the Ministry of Home Affairs (MHA). This classification has helped the Company to operate during the lockdown period. Hence the pandemic did not have material adverse impact on the company's business so far. However, the current year cane planting is affected due to lockdown which will affect the availability of sugar cane for the next crushing season.

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

The distillery unit of the company was in continuous operation without any interruption. However, both sugar units were stopped for few days to make necessary safety arrangements and to obtain passes for the movement of men & material to restart the Plants.

(iii) Schedule, if any, for restarting the operations:

On account of Covid-19, the Company had shut down the operations of the Kattur Plant from **26th March 2020** and resumed its operations from **08th April 2020** and Sathamangalam Plant from **27th March 2020** and resumed its operations from **01st April, 2020** and the same was intimated to Stock Exchange. The Company's operations are functional apart from the aforementioned dates.

Further, Kattur Unit has closed its crushing operations from **18th May 2020** in the normal course for the sugar season 2019 - 2020 and Sathamangalam unit is expected to close its crushing operations by the end of this month.

(iv) Steps taken to ensure smooth functioning of operations:

The Company has put in place strict monitoring process for Covid-19 as per the SOP published by the GOI which includes:

- (a) Thermal Screening of all employees and visitors & sanitizing the premises and vehicles on regular basis.
- (b) Maintenance of social distancing at the work place & enforcing wearing of masks and regular cleaning of hands.
- (c) Regular update of the health of all the employees and their families & asking all employees to have Aarogya Setu App.
- (d) Conducting awareness programmes for the employees, labourers, etc.

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Sugar Units:

Unit - I: Kattur Post- 621 706, Lalgudi Taluk, Trichy Dist., Tamilnadu. Phone: 0431-2541224 / 2541350, Fax: 0431-2541451

Unit - II: Sathamangalam Village, Vetriyur Post: 621 707. Ariyalur Dist., Tamilnadu. Phone: 04329-320800

CIN : L15421TN1960PLC004310
TIN No. : 33790460019 dt 1-1-2007
CST No. 24518 dt. 26-06-1961
GSTIN : 33AABCK2495F1ZP

..(2)..

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

As explained above, there has not been any material adverse impact on the Company's performance. But, on account of lockdown and consequent closure of IMFL / TASMAL, there was decline in ethanol off-take which resulted in an estimated additional holding cost.

We expect to overcome these business impacts as the States and Centre are continuously announcing phased relaxation in lockdown conditions to improve trade and commerce.

(vi) Details of impact of COVID-19 on the Company:

Capital and financial resources:

The Company does not plan to raise any capital in the near future and hence, there is no impact. Further, the Company is comfortably leveraged on the debt front and can raise further debt for operations.

Profitability:

The Covid impact on profits is not material as of now.

Liquidity position:

A collection from debtors has been impacted marginally with some of the customers, as they requested for a deferred payment schedule which the company, keeping in mind the long-term relationship has accepted. We expect this situation to come back to normalcy after the lockdown. The Company has been meeting all its financial obligations so far.

Ability to service debt and other financing arrangements:

The Company did not avail any moratorium from any of its lenders. The Company has not defaulted on any interest or loan repayment and does not foresee any issue in meeting the future obligations too.

Assets:

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

Internal financial reporting and control:

The Company has ERP system in place and all its locations are well networked. Even during the lockdown with a combination of critical staffs working from locations and all others working from home, all reporting systems worked without any significant disruption.

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..(3)..

Supply chain:

There are no major supply chain disruptions. However, the procurement of molasses from other states has been delayed from the scheduled dates.

Demand for its products/services:

The confectionary industries have been affected which reduces demand off-take, but the situation should resume to normal when they resume.

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

The Company is in a position to honour all commitment to customers. There were request from few lessees who took the immovable property on rent for reduction in rent for 3 months & some quantum of committed bagasse supplies has been deferred to next session on account of customer's unit lock down and the Company does not foresee any claims on this deferment.

(vii) Other relevant material updates about the Company's business:

The above informations are based on the present situation and the overall financial impact however is not considered material to our company. However, any further significant impact of COVID-19 pandemic or material development on the business, performance and financials, a suitable disclosure in this regard will be made along with Financial Results from time to time.