

July 3, 2020

BSE Limited  
P.J.Towers  
Dalal Street  
Mumbai – 400 001

National Stock Exchange of India Limited  
Bandra Kurla Complex  
Bandra East  
Mumbai – 400 051

Sirs

Sub: Impact of Covid-19 pandemic on the Company as required under circular No.SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20<sup>th</sup> May 2020.

Pursuant to the circular cited above, we are furnishing hereunder the impact of Covid-19 lockdown on the Company:

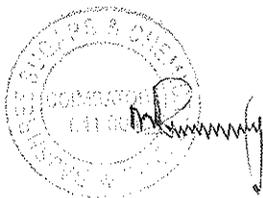
1) Impact of the Covid-19 pandemic on the company

The company was forced to shut down its operations in all the units due to announcement of nationwide lockdown with effect from 24<sup>th</sup> March 2020. Though the company was permitted to operate by the Government, sugar being an essential commodity, operations were suspended due to non-availability of work force. With the objective to save the mature standing sugarcane crop from perishing, the company resumed crushing early in the second week of April 2020. But, the distillery operations recommenced only on 25<sup>th</sup> April, 2020 (after 1 month).

Cane crushing at our factories was extended upto May 2020, which is peak summer in Tamil Nadu and has caused recovery loss and resulted in an increase in operational cost. Production of alcohol was completely stopped during the full lockdown period.

There has been sharp reduction in sale of sugar and no off take of alcohol during the full lockdown period, leading to higher inventory of sugar, molasses and alcohol and consequent deficit in the working capital. However, following relaxation in the lockdown, the demand for sugar and alcohol is expected to stabilize. There is no material disruption in the supply chain.

The internal financial reporting and control of the company remain adequate and there is no impairment in the value of assets.



2) Steps taken to ensure smooth functioning of operations

The movement of the harvest labour was a challenge initially but the Company has managed by making necessary arrangements for food and accommodation. The Company has coordinated with the district administration for ensuring necessary passes for the movement of essential staff / work force and cane transport vehicles. The staff at the head office had been advised to work from home in order to facilitate factory operations.

The Company has also taken necessary safety measures to protect the work force / staff / other persons connected with the business, as per the Covid-19 Standard Operating Procedure guidelines.

3) Details of impact of Covid-19 on the servicing of debt

The Company's loan accounts had become a non-performing asset in the month of June 2018 due to adverse climate and business environment, and the Company is in discussion with the lenders for debt restructuring. The process has been delayed due to Covid-19 lockdown, and is now continuing with relaxation of the lockdown.

4) Future impact of Covid-19

The future impact on the Company is not readily quantifiable as the nature and duration of Covid-19 pandemic is uncertain. The Company will continue to monitor any future economic changes.

5) Impact on contracts / agreements

The Company does not foresee any significant impact in respect of its existing contracts and agreements.

The management believes that no material uncertainty exists about the company's ability to continue as a going concern.

Kindly take the above information on record.

Thanking you

For and on behalf of  
RAJSHREE SUGARS & CHEMICALS LIMITED



M PONRAJ  
Company Secretary

