



CSL/2020-21/20  
4<sup>th</sup> June, 2020

BSE Limited Corporate Relationship Department 1 <sup>st</sup> Floor, New Trading Ring Rotunda Building, P J Towers Dalal Street, Fort, Mumbai – 400001. Scrip Code :532443 Scrip ID: CERA	National Stock Exchange of India Limited Exchange Plaza Bandra Kurla Complex Bandra (East) Mumbai – 400051.  Scrip Code: CERA
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Dear Sir/Madam,

**Sub: Disclosure of material impact of CoVID 19 pandemic under SEBI (LODR) Regulations, 2015**

Pursuant to regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular No. SEBI/HO/CFD/CMDI/CIR/P/2020/84 dated 20<sup>th</sup> May, 2020, please find enclosed the Disclosure of material Impact of CoVID-19 pandemic on the Business of Cera Sanitaryware Limited. The Board of Directors at their meeting held today i.e. 04.06.2020 have also considered the same.

We hope you will find the above in order and take necessary action in the matter.

Yours faithfully,  
**For Cera Sanitaryware Limited.**

Hemal Sadiwala  
Company Secretary  
Encl: As above

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**Cera Sanitaryware Limited**

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CIN: L26910GJ1998PLC034400

## **CERA SANITARYWARE LIMITED**

Disclosure of material Impact of CoVID-19 pandemic under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR Regulations' / 'LODR'):

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*Disclaimer: Certain statements that are made or discussed may be forward looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Cera Sanitaryware Limited will not be in any way responsible for any action taken based on such statements and discussions and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.*

Pursuant to regulation 30 of SEBI LODR and SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020, we wish to inform the following:

**a. Impact of the CoVID-19 pandemic on the business;**

- We have complied with all guidelines and advisories issued by Govt. of Gujarat as well as Ministry of Health Affairs, Govt. of India. The Company has been taking a series of measures in view of the COVID-19 pandemic to ensure safety and health of all our employees and to ensure compliance with various directives being issued by Central/State/Municipal authorities. Some of these measures including social distancing, suspension of travel and face-to-face meetings and gatherings, facilitating remote working were implemented right from an early stage for the wellbeing of the employees.
- Owing to the suspension of the operations due to lockdown across the country, the revenue for latter part of March 20, which is usually a period of high dispatches, was impacted. The company suspended the production operations from 25<sup>th</sup> March 2020 and partially resumed production operations from 5<sup>th</sup> May 2020.
- The nationwide lockdown has impacted sales of the company's products as its own stores and those of its dealers and distributors have remained shut during this period. Further, there were constraints for inter-state and intra-state movement of finished goods.

**b. Ability to maintain operations including the factories/units/office spaces functioning and closed down;**

**Some of the important other measures undertaken by the Company during the period of Lockdown:**

- Preventive shutdown maintenance of manufacturing plants at Kadi locations.
- Enabling work from home facility for the employees across the organization with facility of advance payment of salary for the month of April 2020.
- The Company's IT Team has been providing enhanced support for digital connectivity with a secured VPN connection and antivirus configuration has been completed for all work from home users.
- Social media campaign which has been up and running throughout the year ("Kuch Pal Ghar Ke Naam") became quite apt with the on-going lockdown situation. The ad film videos depicting the valuable time spent with the family and indulging into one's favorite activities (which otherwise appeared difficult during the normal busy life) were uploaded on social media; has been well received and appreciated by our stakeholders.

**c. Schedule, if any, for restarting the operations;**

- The company has intimated stock exchanges about partial resumption of plant (Sanitaryware & Faucetware) on 5<sup>th</sup> May 2020.
- About 40% of labour has migrated and production is being carried out with available permanent labour and contract worker having local presence. In addition to this, the company had already invested in automation of specific production processes during the last fiscal, which has substantially assisted in filling the vacuum created by these migrant labourers.
- The supply of Natural Gas and Electricity remained normal throughout lockdown period. However due to the lockdown, the Company hardly consumed both these resources and generated green energy through windfarm and Solar, which has been transmitted to local grids to make it available in nearby areas. The credits for supply of renewable energy have been received as per agreement.
- **Enhanced SOP's** have been formulated which include social distancing, material handling, and manpower rotation which have been validated by local authorities during their inspections
- The company in its efforts to aid the community at large has contributed Rs.31 Lacs towards COVID -19 relief measures to "PM CARES Fund".

**d. Steps taken to ensure smooth functioning of operations;**

The Company has put in place strict monitoring process for Covid-19 ensuring the following post COVID -19 operations across all places of Business:

- Thermal Screening of all employees and visitors.
- Sanitizing the premises and vehicles on regular basis.
- Maintenance of social distancing at all workplaces.
- Enforcing wearing of masks and regular cleaning of hands.
- Asking all employees to download and use Aarogya Setu App.

**e. Estimation of the future impact of CoVID-19 on its operations & Demand of its Products / Services :**

The implications of Covid-19 are not consistent among different countries or even among different regions of India; - making it extremely difficult to project an outlook. Therefore, it is not possible at this point of time to provide business outlook of the industry in post lockdown situation in the country. In this evolving situation, the duration and overall adverse impact due to this shut down is not immediately assessable and depends on further directions from Central / State Governments. We would be sharing the updated industry outlook along with ensuing quarterly results (Q1 & Q2) for FY 20-21.

**f. Details of impact of CoVID-19 on listed entity's –**

**• capital and financial resources;**

The Company does not plan to raise any capital nor it is contemplating any financial resources and hence there is no impact.

- **profitability;**

As the company has not yet declared the financial result for year / quarter ending 31st March 2020, the financial impact has not yet been arrived at, but owing to revenues lost due to lockdown and certain additional expenditure incurred, the profitability is expected to be impacted.

- **liquidity position & ability to service debt and other financing arrangements**

Cera has a robust financial position with substantial liquidity. However, all areas of cash generation and usage are being reviewed and costs are being re-evaluated in light of the prevailing circumstances. The Company has no long-term debt and is only partially utilising its working capital limits with Banks, no more than 25% of the sanctioned limits. The limits sanctioned are again 1/3<sup>rd</sup> of available drawing power. Therefore, there is significant headroom to access the un availed / unutilised working capital limits on the current assets of the company.

- **assets;**

The extent of impact of this pandemic on the Companies fixed and current assets depends on numerous evolving factors and cannot be currently reasonably assessed. However, based on a preliminary evaluation, none of the assets of the Company have been impacted or impaired by the Covid-19.

- **internal financial reporting and control;**

The Company has a robust ERP system in place and all its locations are well networked. Even during the lockdown with employees working from home, all reporting systems including financial reporting have worked seamlessly without any disruption.

- **supply chain;**

As per the practice, the company carries adequate inventories of Raw materials, stores & spares, packing materials, and finished goods. The reduced activity during the lockdown and partial resumption has lowered the pace of consumption of these inventories and hence the Company is comfortably placed. Further, its suppliers are also resuming their operations and hence the supply chain is expected to return to normalcy in due course.

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

The Company is in a position to honour all agreements with customers & in the case of agreements with vendors from whom the company avail products or services, these are not in any way impacted by the pandemic.

**h. Other relevant material updates about the listed entity's business.**

CERA is focusing on changing consumer needs post-Covid by concentrating on anti-bacterial products and touchless sensor products. We already have some models of WCs which have anti-bacterial glaze. We are experimenting with production of anti-bacterial products on a mass scale, mainly WCs. Anti-bacterial coating on seat covers and PVC cistern knobs are also being done. Existing Sensor urinal and Urinal with built-in wash basin and sensor tap are also going to be in greater demand.

Another post-Covid need is touch free products. We do have sensor activated faucets. Production of these sensor faucets are being increased, looking to post-Covid demand. Foot-operated faucets are also being developed, looking to the need for hands-free operation.

Our Internal Auditor Mr. Tushar Vasa, proprietor of M/s H. V. Vasa & Co succumbed to Coronavirus and related ailments. Other than this, there has been no mishap with any of our stakeholders.

**Message from our CMD's Desk**

COVID-19 is a challenge for us both from the lens of sustaining lives as well as livelihoods. The human impact of the pandemic is not quantifiable, and we are fully committed to:

- working with the Government and our partners to ensure that we overcome this crisis together
- Our well-established marketing and sales network
- Our financial stability
- Quality of leadership teams
- Positions us well to deal with the current changed economic reality and, for the changing world that will come afterwards
- Our approach will be to further our business model, grow competitively and contribute to nation building

For Cera Sanitaryware Limited.

Sd/-  
Atul Sanghvi  
Executive Director & CEO  
(DIN: 00045903)

Date: 4<sup>th</sup> June, 2020