Dear Sir,

Sub: Disclosure of material impact of COVID-19 pandemic on listed entities under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with ref to SEBI circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020

Ref: Scrip code 521240 SAMBANDAM SPINNING MILLS LTD

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020 and further to our earlier disclosure on the subject submitted by us on 30.3.2020 on temporary closure of operations and followed by further disclosure on 22.5.2020 on resumption of operations, we hereby submit an update relating to the impact of the COVID-19 pandemic on operations of the Company, for dissemination in BSE portal.

The outbreak of Coronavirus (COVID-19) pandemic has caused significant disturbance and slowdown of economic activity in the company. Production was stopped from last week of Mar 2020 till third week of May 2020 and has restarted the operations in June with 50% capacity level and has planned to scale up to pre covid level once the pandemic subsides and normalcy is restored. The impact is expected on the drop in revenue to the extent of 20% to 30% during FY 20-21 mainly due to market sluggishness and also due to production loss during the pandemic period. The company would be able to maintain its operations with the availability of local workforce and there is no migrant workers employed. 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. In the backdrop of pandemic affecting total lock down it is very difficult to predict the future impact with reasonable certainty.

Recovery depends on multiple factors like end-user and customer demand, opening-up of the economy post lockdown, restoration of normal supply-chain and availability of workers. The Company expects the operations to remain sub-normal in the immediate future.

The company’s liquidity position is well under control and manageable by virtue of availing moratorium period of repayment of banks loan and the interest as per RBI’s guideline and also by availing fresh funding of working capital loans as Covid loan. The company is confident of meeting the debt obligations by above support from bank

The Company has taken due care in concluding on accounting judgements and estimates while assessing the recoverability of Company’s assets such as Trade receivables, inventories etc., and the Company has considered internal and external information on the subject and expects to recover the carrying amount of the asset. The company does not have any material risk contract of non-fulfilment of obligations to any party. Performance of the first half (and especially first quarter) of the financial year is likely to have its impact on the annual performance for the current financial year. Statements expressed herein describe the company’s objectives and expectations based on the information as are available now, whereas actual results may differ depending on the extent of disruption caused by the Covid-19 and impact of subsequent recovery on the economy, customer demand and other relevant factors.

Kindly take the same on record

Yours truly

For Sambandam Spinning Mills Ltd.

OEKOTEX / ORGANIC : GOTS - GRS - OCS / BCI - Certified Company

M. NATARAJAN
Company Secretary