

**BSE Limited**  
Department of Corporate Services,  
Floor 25, P. J. Towers,  
Dalal Street,  
Mumbai-400 001.

**National Stock Exchange of India Limited**  
Listing Department  
Registered Office: "Exchange Plaza",  
Bandra – Kurla Complex, Bandra (E),  
Mumbai –400 051.

**Scrip Code: 532051**

**Scrip Code: SWELECTES**

Dear Sirs / Madam,

**Sub: Impact of COVID-19 on the Company**

The Company vide its intimation dated 25<sup>th</sup> March 2020 had inter-alia intimated that in light of the heightened concern on spread of Corona virus and pursuant to the directive of the Indian Government, it had stopped all its manufacturing and other administrative activities of the Company.

The details as required under Regulation 30 of 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, the Company evaluates the impact of the CoVID-19 pandemic on the business, performance and financials, to the extent possible and furnished below for information:

**Impact of the CoVID-19 pandemic on the business:**

The widespread of COVID-19 outbreak, across borders and geographies, has severely impacted almost the whole world and triggered significant downside risks to the overall global economic outlook.

Due to the lockdown announced by the Government of India, from 24th March 2020 the operations of the Company came to a temporary-halt. As per MNRE guidelines our Solar Power Generating plants continued in operation with the plant staff after obtaining permission from the local authorities.

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

The Company has continually reviewed the situation based on the conditions of the area where the manufacturing units and office are located. Also studied the possibility of maintain its operations.

Since the time of commencement of the lockdown, employees have been allowed to perform their work from home and the necessary office connectivity has been in place.

**Schedule, if any, for restarting the operations:**

The Company's Plant located at Bengaluru Rural District has resumed its operations with effect from 25.04.2020 in line with the directions of the Central Government both Ministry of Home Affairs (MHA) and Health Advisory Departments.

Further, the Company's Plant located at Idappadi, Salem District, Tamil Nadu, has resumed its operations with effect from 14.05.2020 in line with the directions of the Central Government both MHA and Health Advisory Departments.

**Steps taken to ensure smooth functioning of operations:**

- All safety protocol related to Covid-19 as advised by the government have been implemented.
- The Company has issued safety guidelines to its employees and workers.
- Detailed shop-floor precautions & safety systems have been implemented with appropriate training to staff and workmen.
- Factory roads and entrance areas are being regularly sanitized.
- Regular Fumigation of offices and shop floors is being carried out.
- Social distancing norms are being strictly followed at factories and offices.
- Sanitization and thermal screening of employees, truck drivers, other entrants and sanitization of loading vehicles at the entry gate of factories.

**Operations at Offices:-**

- Since the time of commencement of the lockdown, employees have been working from home and necessary office connectivity has been in place.
- With the Government relaxing norms for Commercial establishment, some of the offices have started functioning from lockdown phase 3 after taking requisite permissions from local authorities with adequate safety protocols.
- All IT Security Protocols are in place and all systems are being monitored remotely.
- Laptops/Digital connectivity & e-mail for remote access have been granted to all concerned employees. This ensures that they are able to work from home effectively.
- The Company is making adequate provision for masks, sanitizers, facility for hand washing and transportation (wherever needed) to its employees at its office(s).

**Estimation of the future impact of CoVID-19 on its operations**

It is difficult to estimate the definitive impact of Covid-19 on the operations of the Company beyond first quarter of the financial year 2020-2021 at this point of time.

Estimated Impact of Covid-19 for first quarter of the financial year 2020-2021 will be approximately 50% drop year on year basis on product sales and 15% on power sales as we envisage during Q1.

The Company is closely monitoring the developing situation arising out of COVID-19 and resultant restrictions imposed by the regulatory authorities.

With the gradual phasing out of the lockdown going forward, the Company expects to see demand revival.

**Details of impact of CoVID-19 on listed entity's capital and financial resources:**

The Company's equity capital structure remains unchanged.

The Company has taken steps to ensure adequacy of financial resources.

The Company presently has adequate capital and financial resources to run its business.

**Profitability:**

The profitability of the Company for the quarter and financial year ended March 31, 2020 will be known after audit for the said period(s) is completed.

In the last 2 months, the Company's operations have been impacted due to very low to insignificant sales and committed costs being incurred. The Revenue and Profitability will also be impacted in line with the impact.

Notwithstanding this the Company expects to mitigate the adverse impact by converting some of the fixed overheads into variable overheads and also by reducing various variable and fixed costs and after absorbing all idle overheads caused by lockdown. Also even before COVID-19, the Company embarked upon a Company-wide initiative to bring down costs and conserve cash. The Company is expected to get benefits as a consequence of these initiatives in the future.

The performance is expected to improve progressively in the following periods as the demand levels are restored.

The Company has adopted strategic decisions to combat the challenges in the profitability of the Company and has also successfully implemented them with the able support of the Senior Executives and Government.

Further the marketing efforts are under way as usual and as a sequel, the Company has already received some orders and is hopeful of getting new orders in the days to come, which will help the Company to maximize the profitability levels in the ensuing quarters.

**Liquidity position:**

The Company has taken steps to ensure that it has adequate liquidity to meet its financial and other commitments.

In the short term, the cash position of the Company is good, and the liquidity is assured, having enough unused credit lines.

**Ability to service debt and other financing arrangements:**

The Company does not foresee any issues relating to servicing its debts or financing arrangements.

Despite the near term strain on operations and cash accruals, the Company, due to its strong liquidity position expects to service its debt obligations in a timely manner.

The Company has not availed moratorium on the principal and interest amounts representing working capital and term loan availed from Banks and is hopeful of servicing the debts on time.

**Assets:**

The Company has considered relevant internal and external sources of information to evaluate the impact on the standalone and consolidated financial statements for the year ended 31<sup>st</sup> March, 2020.

The Company has assessed the recoverability of the assets including receivables, investments, property, Plant and equipment, intangible assets, goodwill and has made necessary adjustments to the carrying amounts by recognizing provisions / impairment of assets wherever necessary.

However, the actual impact may be different from that estimated as it will depend upon the future developments and the future actions to contain or treat the disease and mitigate its impact on the economy.

**Internal financial reporting and control:**

There is no impact on internal financial controls due to the COVID-19 situation. The Company has put in place adequate internal control systems.

**Supply chain:**

The supply chain was disrupted in view of lockdown in March, 2020 & April, 2020.

However, the situation is improving gradually with Central & States relaxing lockdown norms.

**Demand for its products/services:**

Though it is difficult to predict any demand scenario for the immediate short term, we expect the demand to show good improvement on the back of several positive factors such as improved power generation, higher Government procurement.

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

The Company is well positioned to fulfil its obligations and also does not foresee any significant impact on the business due to non-fulfilment of the obligations by any party. In fact some of the EPC projects which were put on hold on account of COVID have been completed and commissioned with the utmost satisfaction of the customers.

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

The Company has been regularly updating the Stock Exchanges about its business.

We request you to kindly take on record the above disclosure.

**Yours faithfully,**  
**For SWELECT Energy Systems Limited**  
**Sd/-**  
**R. Chellappan**  
**Managing Director**

*Note: Due to impact of Covid-19 pandemic the Central and State Governments have imposed various restrictions Pan-India. As a result all employees working in Corporate office including Executive Directors are working from Home. In order to submit the above disclosure with Sd/- mode, an email confirmation has been received from the Managing Director.*