

SWARAJ ENGINES LIMITED

Works:

Plot No. 2, Indl. Focal Point,
Phase-IX, S.A.S. Nagar
Distt. S.A.S. Nagar (Mohali)
(Near Chandigarh)



Tel.: 0172-2234941-47, 2234950

02/SP/EXCH
6th June, 2020

BSE Limited

Listing Department
P.J. Towers, 1st Floor,
Dalal Street, Fort,
Mumbai – 400 001
Email: corp.relations@bseindia.com

National Stock Exchange of India Limited

Capital Market-Listing, Exchange Plaza,
Bandra Kurla Complex,
Bandra (E),
Mumbai- 400051
Email: cmlist@nse.co.in

Scrip Code: 500407

Scrip Name: SWARAJENG

Sub: Impact of COVID-19 on the Company

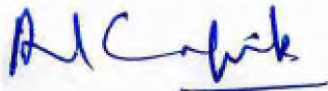
The Company vide its intimation dated 23rd March, 2020 and 31st March, 2020 had inter-alia intimated that in light of the heightened concern on spread of Corona virus and pursuant to the directive of the Government Authorities, it had suspended its manufacturing and office operations at its Plant located at Mohali (Punjab) and the duration of this shutdown will depend upon directives issued by the respective Government Authorities in this regard. Thereafter, the Company vide its communication dated 7th May, 2020 intimated about resumption of its operations gradually.

The details as required under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/CMD/ 4/2015 dated 9th September, 2015 and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20th May, 2020 are mentioned in Annexure I.

This is for your information.

Yours faithfully,

For Swaraj Engines Limited



(Rajesh K. Kapila)
Company Secretary

Encl: As above

SEBI Circular - Disclosure of impact of COVID-19 on Swaraj Engines Ltd.

Sr. No.	Particulars	Information
1	<ul style="list-style-type: none"> • Impact of the CoVID-19 pandemic on the business; <li style="text-align: center;">& • Expected quantum of loss/damage caused: 	<ul style="list-style-type: none"> • The rampant spread 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 Punjab from 23rd March, 2020, entire operations of the Company came to a halt. • The estimated quantum of loss due to COVID-19 lockdown for March 2020 is around 3,000 engines. • The estimated quantum of loss due to COVID-19 lockdown for Q1 F21 is around 9,500 engines. • The Revenue and profitability will be impacted in line with the fall in Volumes mentioned above.
2	<ul style="list-style-type: none"> • Factory/unit where the Lockdown has impacted • Ability to maintain operations including the factories/units/office spaces functioning and closed down; 	<ul style="list-style-type: none"> • The manufacturing facilities & Office situated at S.A.S.Nagar (Mohali), Punjab was shut down entirely during lockdown period of 42 days (starting from 23rd March, 2020 to 4th May, 2020). • The Company has adopted work from home policy during the lockdown period.
3	Schedule, if any, for restarting the operations;	<ul style="list-style-type: none"> • With relaxations/ approvals given by the authorities, the Company has restarted its operation from 5th May, 2020 gradually with safety protocols.



		<ul style="list-style-type: none"> • Lockdown Phase 5 effective from 1st June, 2020 has given additional relaxations, which are helping the Company to ramp up the production.
4	Steps taken to ensure smooth functioning of operations;	<ul style="list-style-type: none"> • All safety protocol related to COVID-19 as advised by the government are being implemented. • The Company has issued safety guidelines for its employees and workers. • Detailed shop-floor precautions & safety systems have been implemented with appropriate training to staff and workmen. • Factory area is being regularly sanitized. • Regular Fumigation of offices and shop floors is being carried out. • Social distancing norms being strictly followed at workplace. • Sanitization and thermal screening of employees, truck drivers, other entrants and sanitization of loading vehicles at the entry gate of factory. <p>Operations at Office :-</p> <ul style="list-style-type: none"> • From the time of commencement of the lockdown, employees have been working from home and necessary office connectivity has been in place. • In line with the guidelines issued by the Government, office with limited staff has also started functioning with adequate safety protocols. • All IT Security Protocols are in place and all systems are being monitored remotely.



		<ul style="list-style-type: none"> • Laptops/Digital connectivity & e-mail for remote access granted to the concerned employees. This ensures that they are able to work from home effectively. • The Company is making adequate provision for masks, sanitisers, facility for hand washing and transportation (wherever needed) to its employees at its office.
5	Estimation of the future impact of CoVID-19 on its operations;	<ul style="list-style-type: none"> • It is difficult to estimate the definitive impact of COVID-19 on the operations of the Company beyond Q1 FY21 at this point of time. • Estimated Impact of COVID-19 for Q1 FY21 has been provided in Point No. 1. • 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.
6	Details of impact of COVID-19 on listed entity's –	
	(i) Capital and Financial Resources;	<ul style="list-style-type: none"> • 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.



(ii)	Profitability;	<p><u>Q4 F20</u></p> <ul style="list-style-type: none"> The Company has already declared its financial results for the quarter and financial year ended 31st March, 2020. <p><u>Q1 F21</u></p> <ul style="list-style-type: none"> In the last 2 months, the Company's operations have been impacted due to very low sales and committed costs being incurred. <p>The Revenue and Profitability will also be impacted in line with the fall in Volumes as mentioned in Point No. 1 above.</p> <ul style="list-style-type: none"> Notwithstanding this, the Company would exercise control over variable and fixed costs to mitigate the adverse impact to the extent possible. The performance is expected to improve progressively in following periods as the demand recuperates.
(iii)	Liquidity Position;	<ul style="list-style-type: none"> 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.
(iv)	Ability to Service Debt and Other Financing Arrangements;	<ul style="list-style-type: none"> The Company at present does not have any debt outstanding.
(v)	Assets;	<ul style="list-style-type: none"> The Company does not foresee any major financial impact arising either due to non-recovery of any of its assets viz. current/ non-current assets or due to impairment of property, plant and equipment etc.



	(vi)	Internal Financial Reporting and Control;	<ul style="list-style-type: none"> There is no impact on internal financial controls due to the COVID-19 situation.
	(vii)	Supply Chain;	<ul style="list-style-type: none"> 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. Production at Vendors end is also resuming gradually, and almost all the suppliers are now operational. However, the suppliers' capacity is restricted as suppliers are facing challenges in terms of working capital, manpower availability, limited working hours, and adherence to COVID-19 safety norms.
	(viii)	Demand for its Products/Services;	<ul style="list-style-type: none"> The Company is engaged in the manufacturing and supply of engines for the fitment in tractors. Though it is difficult to predict any demand scenario for the immediate short term, the tractor demand is expected to show good improvement on the back of several positive factors such as record Rabi production, higher Government procurement, announcement of higher MSPs leading to better realization to the farmers and outlook of a normal monsoon aiding sentiments for a good Kharif crop.
7		Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business;	<ul style="list-style-type: none"> 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.
8		Other relevant material updates about the listed entity's business	<ul style="list-style-type: none"> The Company has been regularly updating the Stock Exchanges about its business.

