

THE SWADESHI INDUSTRIAL WORKS PLC.



ISO 9001 : 2015 Certified Company



28 May 2020

Mr. Renuka Wijewardene
Chief Regulatory Officer
Colombo Stock Exchange
World Trade Centre
Echelon Square,
Colombo 01.

Dear Sir,

SWADESHI INDUSTRIAL WORKS PLC – PQ 133 **CORPORATE DISCLOSURE ON THE IMPACT OF COVID 19**

With reference to the circulars dated 20th April 2020 (Circular number 06-04-2020) and 9th May 2020 (Circular number 04-05-2020) we hereby disclose the impact of COVID-19 pandemic on the group of companies.

Impact of COVID-19 on Swadeshi Industrial Works PLC and its subsidiaries

Swadeshi Industrial Works PLC and its Group Companies have been operating with strict adherence to the safety guidelines issued by the Government to curtail the spread of the virus, subsequent to the outbreak of the COVID-19 pandemic. In this context, ensuring the health and safety of our employees is paramount to us. Sanitizing and other safety measures have also been implemented at all operating locations including our manufacturing facilities & office premises. In ensuring continuity of business in these challenging times, we have introduced numerous cost rationalization measures including deferment of all recruitment, capital expenditure and advertising/promotion expenses, other cost cutting strategies. Further, we have stepped up to widen our marketing capabilities through the enhancement of home delivery service, Digital Marketing as well as through wider social media presence.

Impact of COVID-19 on our Business Operation

We started our operations from 27th March onwards after obtaining the permission as an essential service provider to operate with limited no. of staff even during the curfew period. As manufacturing & distribution businesses, demand & distribution were affected and further will be affected in the short-to-medium term given the deliveries are interrupted due to prevailing economic uncertainty & imposed curfew situation across the country.

Liquidity and accessibility for funds

Group is pursuing measures to reduce debtor exposure and inventory levels and is proactively engaging with banks and suppliers to renegotiate terms in order to effectively manage liquidity levels. The Company has negotiated with all commercial banks for debt moratorium as per the CBSL circular. Further, applied for relief loans based on the demand for working capital. We are confident of getting our trade debt collected within in the credit period without being overdue whilst inventory levels are closely monitored. As stated above, Capital Expenditure on projects have been limited and only operational capital expenditures incurred which are essential for the core business. We have not identified any material liquidity deficiency in the short-run with above measures taken.

Chairperson : Ms. A.M. Wijewardene

Mr. V.M.J.A. Perera
Director
MIESL, IEng.

Mr. H.K. Dias-Abeyesinghe
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BA (Hons)UK, MA(UK)

Mr. P.D. Samarasinghe
Director
FCMA, FCA, MBA

Mr. T. Wijemanna
Director
LL.B., LL.M
Attorney-at-law

Impact on Assets & Impairment provisioning	No significant change or impairment in fair-values of the assets in the statement of financial position due to COVID-19 related impacts as we started our business operating from 27 th March onwards.
Impact on Supply Chain Management	Though there was a disruption to distribution due to imposed curfew situation we optimized our business strategies and we were able to manage the uninterrupted business operation since 27 th March as essential service providers.
Business Continuity	Group companies do not predict any issues in business continuity.
Impact to Human Resources	We managed to provide transport to the staff and group companies effectively manage the current situation. Sanitizing and other safety measures have also been implemented at all operating locations and all our staff are well trained to maintain the safety levels whilst at work. Management oversees the entire safety operation.

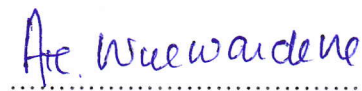
Group response to the impact of the COVID 19 Pandemic

The group has experienced low revenue due to the restricted customer accessibility. Nevertheless, group predicts a change of such trend once the curfew situation is over public movement improves. Hence, we expect these challenges are only in short run and these restrictions will be removed in near future. We have stringent measures adopted by the Government to curtail the spread of the pandemic and will continue to monitor the rapidly evolving environment and take all necessary to ensure the continuity of its operations and the safety of our people.

Group expectation of the future impact of COVID-19 on the future operation and financial condition

The Management is continuously holding discussion in various business forums and carefully monitoring the impact to group in various aspects due to this Pandemic. It is difficult to quantify the financial impact caused by the ongoing situation due at this situation and nevertheless, board of directors and management of the group in the process of reviewing the possibilities & determining strategies in order to mitigate the negative impact arose by the COVID-19.

Thanking you,
Yours faithfully,



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Ms. A M Wijewardene
Chairperson