

Sumeet **INDUSTRIES LIMITED**

CIN : L45200GJ1988PLC011049

REGD. OFF. : 504, TRIVIDH CHAMBER, 5TH FLOOR, OPP. FIRE BRIGADE STATION, RING ROAD, SURAT - 395 002, INDIA.

Phone : (91-261) 2328902 Fax : (91 261) 2334189

E-mail : info@sumeetindustries.com Visit us at : www.sumeetindustries.com

Date : 29/06/2020

To,
Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, FORT,
Mumbai - 400 001

Scrip Code - 514211

To,
National Stock Exchange of India Ltd
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E),
Mumbai : 400 051

Symbol - SUMEETINDS

Sub. : Disclosure of material impact of COVID-19 on the business of the Company

Dear Sir/Madam,

Pursuant to the requirement of SEBI circular no. CIR/CFD/CMD/4/2015 dated 09-Sep-2015 and circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20-May-2020 and under the requirements of Regulation 30(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, please find the Annexure-1 for details of material impact on business due to COVID-19 pandemic and the consequent nationwide lockdown restrictions imposed by National Government.

Thanking You.

For Sumeet Industries Limited



Anil Kumar Jain
Company Secretary

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Annexure-1

Details of material impact on business due to COVID-19 pandemic and the consequent nationwide lockdown restrictions imposed by National Government:

Sr. No.	Particulars	Disclosures / Information
1	Impact of the COVID-19 pandemic on the business	<p>The company is engaged in manufacturing of Polyester yarns and Chips.</p> <p>Due to declaration of nationwide lockdown after Covid-19 pandemic, the company suspended temporarily its operation from 23rd March, 2020 and resumed to operation on dated 20th May, 2020 when lockdown was gradually lifted. The Registered office and Manufacturing facilities were fully shut during the period.</p> <p>The company is closely monitoring business environment and material changes to future economic conditions.</p>
2	Ability to maintain operations including the factories/units office spaces functioning and closed down	<p>We are working at our factories with very limited strength, due to non availability of labourers.</p> <p>The Company has taken precautionary measures to safeguard health and safety of its employees, customers and will continue to abide by the applicable rules prescribed by the government authority.</p> <p>All inward and outward materials handing vehicles are sanitised at entry gates and persons coming along with vehicles are also screened for temperature at the entry gate and sanitize points has arranged at appropriate points in the factory.</p>
3	Schedule, if any, for restarting the operations	<p>Our Plants has progressively resumed operation from 20th May, 2020 after lifting of Lock down. The plant is presently operating around 40% to 50% operating capacities.</p>
4	Steps taken to ensure smooth functioning of operations	<p>The Company is taking utmost care of its staff and work force and has put in place strict monitoring process for COVID-19 ensuring the following,</p> <ul style="list-style-type: none">• Enforcing wearing of masks and regular cleaning of Hands• Sanitizing the premises and vehicles on regular Basis• Taking regular updates of the health of all the employees and their families• Maintenance of social distancing at all work places• Asking all employees to have Aarogya Setu App in their phones



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5	Estimation of the future impact of COVID-19 on its operations	<p>The future impact of COVID-19 depends on the future spread of COVID-19 which simply means that if its spread could get controlled in near future we could try to normalize our operations soon but on the other hand if the same would further spread on a larger scale like in other countries, then it could take year to get back to normalcy, More over in both the situations the future impact will adversely affect our operations.</p> <p>The company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.</p>
6	Details of impact of COVID-19 on listed entity's -	
a.	Capital and Financial resources	The Company is having NPA status with its Bankers. The company is facing cash crunch even before lockdown started. Now, the Company is expected to struggle more in its business operations for next some months considering these extraordinary circumstances due to high financial distress.
b.	Profitability	Since the operations remain suspended completely for the month of April, 2020 and partially for Month of May, 2020, the profitability of the Company for the 1st Quarter will be on negative side and we also see very much impact on profitability during the FY 20-21. Our fixed overheads will affect our profitability adversely in the Current FY 2020-21. The company has taken several measures for rationalising the operating cost including salary cut in administrative cost, resources optimisation
c.	liquidity position	<p>Due to Lockdown, factory operations are halted and simultaneously revenue generation is also stopped. Now the company will find itself under tremendous stress to survive, sustain and revive due to corona virus. The company expects substantial revenue losses in Q1 FY21 owing to the lockdown.</p> <p>Therefore, liquidity position of the Company is tight, and Company is trying to manage it by strict monitoring of cash inflows and outflows. The Company is planning to restrict the production based on the market demand and also reduce the overhead cost proportionately.</p>
d.	Ability to service debt and other financing arrangements	The company has been declared as a NPA company by its Consortium Banker. Presently company is not servicing any debts to the Lender Banks. It has submitted a revised restructuring proposal to Bank for restructuring its debt and the same is under review with Lead Banker (BOB).



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e.	Assets	None of our Assets got impaired due to COVID-19 effect till date. Presently, the operating health of all property, plants and equipment are maintained in good operating condition.
f.	Internal financial reporting and control	The company has an established internal financial reporting system including prevention of fraud and errors. Now the company has adapted to the new environment that is evolving in the present scenario and has devised or modified reporting and control procedures in order to be absolute sure of the correct financial reporting and controls.
g.	Supply chain	Supply chain got disrupted both for sales and purchases during the period of closure. The same is gradually getting back to normalcy with resumption of our operations.
h.	Demand for its products	In post lockdown period business is slowing coming to normalcy in a limited way. Demand of the product would revive once the situation comes to its normalcy.
7.	Existing contracts / agreements	The company do not have any long term contracts / agreements for any fulfilment of obligation to supply the materials. The company supplies its product based on the schedule released by its customers.
	Conclusion	If the lockdown gets eased further going forward, the Company expects to gradually come back to its optimum level of operations, in the upcoming months. However, the Q-1 & Q-2 performance is likely to have its impact on the annual performance for the year 2020-21.

