SecUR Credentials
Now it's safe
India's first background screening company listed on NSE Emerge

July 30, 2020

To,
Listing Department,
National Stock Exchange Limited
Exchange Plaza,
C-1, Block-G
Bandra Kurla Complex,
Bandra (E), Mumbai-400 051

Scrip Code: SECURCRED

Re : Intimation under Regulation 30 of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 with reference to SEBI Circular bearing reference no. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20th May, 2020

Dear Sir/Madam,

Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020, please find enclosed herewith disclosure on impact of COVID-19 on the Company under Regulation 30 of SEBI (LODR) Regulations, 2015.

You are requested to take the same on record.

Thanking you,

For Secur Credentials Limited,

RAHUL BELWALKAR

Digitally signed by RAHUL BELWALKAR
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Date: 2020.07.31 17:41:54 +05'30'

Rahul Belwalkar,
Managing Director
DIN: 02497535

Encl: a/a.

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Impact of COVID-19 Pandemic on Company

1. **Impact of Covid-19 Pandemic on Business:**

   The spread of COVID-19 has severely impacted businesses around the globe. In India, there has been severe disruption to regular business operations due to lock-downs, disruptions in physical movement of people, quarantines, and other emergency measures.
   The Company is in the business of employee background verification and due diligence services, to clients both in India and across the globe. Our delivery of our final reports to our clients is dependent on availability of information from educational institutions, government offices and other companies – all of which have been severely disrupted by the lockdown. This will have an adverse impact during the entire lockdown period. Our customers – corporates in India and abroad – have also been impacted badly by this lockdown. As a result, most customers have stopped vendor payments or slowed them down substantially. This has impacted our cash flows, as we are not receiving payments from clients as anticipated.

2. **Ability to maintain operations including the factories/units/office spaces closed down:**

   We have been able to institute WFH for a majority of our team members. However, since our service delivery is highly dependent on responses received from outside parties such as colleges, universities, other companies, and these have been mostly non-functional during the lockdown, we have been unable to run our operations smoothly.

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

   Operations have started in a phased manner, using the WFH model. However, since Mumbai (which is our primary delivery centre) is under lockdown till 31 July, we are expecting to achieve full scale operations only by mid or late September – assuming there is no further extension of the lockdowns.

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

   Most of our staff members have been allowed to take home their office computers so they are able to WFH. However, about 20 percent of our team

members live in shared accommodation where they are not able to operate from home. These staff members have not been functional during the lockdown.

5. **Estimation of the future impact of Covid-19 on its operations:**

   Our operations are to a large extent, field based, and hence, we have been severely hampered due to the lockdowns in different parts of the country. Given that there is no let-up in the infection rates, we are expecting that the entire first two Quarters (April to September) are going to see much lower than usual business performance.

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

- **Capital and financial resources:** Limited impact, as the Company was not raising any fresh capital during this period.

- **Profitability:** Although our pricing are determine on Annual Contract basis, profitability in 1st Half is likely to get impacted adversely, due to the fact that large portion of cost related to staff salary. We will not be able to reduce this in line with lower revenue.

- **Liquidity position:** Severe impact, due to most corporate clients freezing / slowing down payments to suppliers.

- **Ability to service debt and other financing arrangements:** We have availed of the moratorium on banking repayments announced by the RBI.

- **Assets:** No impact on assets, except high ageing of Receivables.

- **Internal financial reporting and control:** No impact.

- **Supply chain:** Severe impact, as our service delivery is dependent on field operations which had been almost completely shut down from April to June.

- **Demand for its products/services:** High impact, as our business model is dependent on recruitment, and Corporate India has significantly reduced recruitments in the first Quarter of this FY.

7. **Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business:** We have had a limited number of our client companies which have invoked the

Force Majeure clause to terminate our agreements with them. The bigger threat to us is that against our standard payment terms of 30-45 days after raising of

invoices, payments since March are now stretching to 150-180 days, which creates severe strain on our cash flows.

8. **Other relevant material updates about the listed entity's business:** No other material information at this stage