

23rd May, 2020

BSE Limited Corporate Relationship Department, P. J. Towers, Dalal Street, Fort, Mumbai - 400 001. BSE Scrip Code: 532756	National Stock Exchange of India Limited Corporate Relationship Department, Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051. NSE Scrip Code: MAHINDCIE
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Subject: Update on resumption of manufacturing operation and Covid-19 Impact – the Company and its material subsidiaries

Reference : (i) Our letter dated 23rd March, 2020 regarding temporary suspension of manufacturing operations

(ii) Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 ("Listing Regulations")

Dear Sir/Madam,

Our plants in India have progressively restarted during the first week of May based on Government of India (GOI) and State Government notifications and approvals received from appropriate local authorities. It must be noted that our Gears plant in Rajkot and Aurangabad and Pantnagar plants of our subsidiary, Aurangabad Electricals Limited, restarted with permission from appropriate local authorities in the last week of April. The operations in Europe has restarted gradually mainly during the beginning of May.

MCIE has drafted protocols regarding safe running of plants in adherence with the post Covid-19 guidelines issued by relevant authorities in the geographies in which we operate. All plants have reopened in a safe manner and have implemented safety and hygiene protocols like wearing of face masks, social distancing norms and workplace sanitation to make sure that the health of our workers is assured. Continuous awareness of these protocols among workmen is being carried out. The protocols are being reviewed regularly and updated based on revisions in guidelines received from local authorities.

All the plants are now running without any issue and geared to meet any increase in demand. Our supply chain is ready, and we do not see any significant risk of disruption. At the same time, we are anticipating labour shortage at our Indian plants due to the movement of migrant labour and are planning for the same. We are also monitoring the health of our suppliers on a constant basis, some of whom in India are MSME suppliers.



We are dependent on automotive OEMs (Original Equipment Manufacturers) as a supplier of auto parts. Our demand is dependent on how fast these OEMs in India and Europe ramp up. The ramp up in capacity utilization at the different plants will depend on location wise customer demands.

Revenues at Indian plants in April was close to zero and in May we are working at 20-25% of capacity utilisation. Operations in Europe were approximately at 10% of capacity in April and this has increased to 20-25% in May. During following months, we expect a gradual recovery.

The sudden and unexpected drop in the demand will generate a relevant drop on the profitability of the quarter (Q2C20). The performance is expected to improve progressively in following periods as the demand recuperates. In the short term, the cash position of the Company is good, and the liquidity is assured, having enough unused credit lines.

We would also like draw your attention to the Note. No. 8 to the Financial Results for the Quarter Ended 31st March 2020 which was announced on 23rd April 2020. We re-iterate that the impact of the Coronavirus Pandemic on our business will depend on future developments that cannot be reliably predicted, including actions to contain or treat the disease and mitigate its impact on the economies of the affected countries, among others. The impact of global health pandemic might be different from that we estimate, and the Company will closely monitor any material changes to future economic conditions.

Thanking you,

Yours faithfully,

For Mahindra CIE Automotive Limited

Pankaj Goyal
Company Secretary & Compliance Officer
Membership No.: A 29614

