

REF:NS:SEC:

3rd June, 2020

National Stock Exchange of India Limited
"Exchange Plaza", 5th Floor,
Plot No.C/1, G Block
Bandra-Kurla Complex
Bandra (East), Mumbai 400051.

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400001.

Bourse de Luxembourg
Societe de la Bourse de Luxembourg
Societe Anonyme/R.C.B. 6222,
B.P. 165, L-2011 Luxembourg.

London Stock Exchange Plc
10 Paternoster Square
London EC4M 7LS.

Sub: Impact of COVID-19 on the Company

The Company vide its intimation dated 29th 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 Indian Government, it had suspended all its manufacturing operations across India and the duration of this shutdown will depend upon directives issued by the respective Government authorities in this regard. It was also mentioned that the uncertainty around the situation makes it difficult to ascertain the exact financial impact on the business at that stage.

In addition to the above, the Company has disclosed the sales volumes for the month of and year to date March, 2020 and for the month of April, 2020 by its disclosures dated 1st April, 2020 and 1st May, 2020 respectively. Further, on 7th May, 2020, the Company also published the production, sales and export figures of the Automotive Sector of the Company for the month of April, 2020. The Company has also disclosed the sales volumes for the month of and year to date May, 2020 by its disclosures dated 1st June, 2020.

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 MAHINDRA & MAHINDRA LIMITED



NARAYAN SHANKAR
COMPANY SECRETARY

Encl: as above

SEBI Circular - Disclosure of impact of COVID-19 on M & M

Sr. No.	Particulars	Information
1	<ul style="list-style-type: none"> • Impact of the CoVID-19 pandemic on the business; & • 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 India from 25th March 2020, entire operations of the Company came to a halt. • The estimated quantum of loss due to COVID19 lockdown for March 2020 is around <u>23,400</u> vehicles & <u>14,700</u> tractors. • The estimated quantum of loss due to COVID19 lockdown for Q1 F21 is around <u>87,000</u> Vehicles and around <u>30,000</u> tractors. • 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"> • All the manufacturing facilities & Offices were shut down entirely during lockdown period of almost 40 days (starting from 25th March, 2020 to 3rd 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"> • In lockdown phase 2 some relaxations were given for essential commodities; Sale of Tractors started through dealerships from 14th April, 2020. • With further relaxations during lockdown phase 3 & 4, Tractors & Automotive manufacturing units and Suppliers received approvals and commenced production gradually with safety protocols.

		<ul style="list-style-type: none"> Automotive Dealerships also started operations from phase 3 gradually in Green and Orange zones. 75% of our dealerships are open now. Lockdown Phase 5 effective from 1st June, 2020 has given additional relaxations, which will enable to ramp up the production, supply chain and distribution.
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 roads and entrance areas are being regularly sanitized. Regular Fumigation of offices and shop floors is being carried out. Social distancing norms being strictly followed at factories and offices. Sanitization and thermal screening of employees, truck drivers, other entrants and sanitization of loading vehicles at the entry gate of factories. <p>Operations at Offices :-</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. With Government relaxing norms for Commercial establishment, some of the offices have started functioning from lockdown phase 3 after taking requisite permissions from local authorities 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 all 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(s).
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 F21 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 profitability of the Company for the quarter and financial year ended March 31, 2020 will definitely be impacted. However, the details of the same will be known after audit for the said period(s) is completed.

		<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 to insignificant sales during the first three weeks of lockdown 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 1 above.</p> <ul style="list-style-type: none"> Notwithstanding this the Company expects to mitigate the adverse impact by reducing various variable and fixed costs and after absorbing all idle overheads caused by lockdown. Also even before COVID-19, the Company embarked upon a Company-wide initiative to bring down costs and conserve cash. This programme is well under way and the Company is expected to get benefits as a consequence of these initiatives in future. 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, having enough unused credit lines. The Company continues to enjoy the highest rating in both short term (A1+) and long term (AAA/Stable) borrowings by CRISIL, ICRA, CARE and India Ratings and Research. Financial resilience and strong governance which support the AAA rating enables the Company to raise additional liquidity, as and when required, by way of Commercial Papers and other debt securities.

		<ul style="list-style-type: none"> The Company has successfully issued around Rs 1,000 crore of Commercial Papers and Rs. 2,000 Crores of NCDs during April, 2020 at extremely attractive rates to shore up liquidity.
(iv)	Ability To Service Debt and Other Financing Arrangements;	<ul style="list-style-type: none"> The Company does not foresee any issues relating to servicing its debts or financing arrangements. Despite the near term strain on operations and cash accruals, the Company, due to its strong liquidity position expects to service its debt obligations in a timely manner.
(v)	Assets;	<ul style="list-style-type: none"> The Company has considered relevant internal and external sources of information to evaluate the impact on the standalone and consolidated financial statements for the year ended 31st March, 2020. The Company has assessed the recoverability of the assets including receivables, investments, property, plant and equipment, intangible assets, goodwill and have made necessary adjustments to the carrying amounts by recognising provisions / impairment of assets where necessary. However, the actual impact may be different from that estimated as it will depend upon future developments and future actions to contain or treat the disease and mitigate its impact on the economy.
(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 100% of 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"> Though it is difficult to predict any demand scenario for the immediate short term, we expect the Tractor demand 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. The Company's Auto sales traditionally come from both rural and urban segment. On account of positive factors stated above, the Company expects quicker recovery in rural India and rural demand to improve sales momentum for Auto Sector while urban segment will take little longer time to come back to normalcy.
8	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.
9.	Whether loss/damage covered by insurance or not including amount;	<ul style="list-style-type: none"> The impact of COVID-19 is not covered under Insurance.
10.	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.