



INDIA NIPPON ELECTRICALS LIMITED

Factory : Hosur - Thalli Road,
Uliveeranapalli,
Hosur - 635 114,
Tamil Nadu.

Tel : +91 - 4347 - 230300 / 230221
Fax : +91 - 4347 - 233431
CIN : L31901TN1984PLC011021

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June 27, 2020

The Manager-Listing Department
National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor, Plot no C 1,
G Block, IFB Centre, Bandra Kurla Complex,
Bandra (East), Mumbai 400051
Scrip: INDNIPPON
NEAPS-online filing

BSE Ltd
Phiroze Jee Jee Towers
Dalal Street,
Mumbai 400001
Scrip: 532240
BSE Listing Centre (online)

Dear Sir/ Madam,

With reference to the SEBI Circular No.SEBI/HO/CFD/CMDI/CIR/P/2020/84 dated 20th May 2020 and in line with the requirements of Regulation 30 of the Listing Regulations, please find below requisite disclosure pertaining to the material impact of COVID-19 pandemic on the Company. This note was placed and approved at the Audit & Risk Management Committee and the Board at their meetings held today.

1. Impact of COVID-19 Pandemic on the business:

Due to the outbreak of COVID-19 disease and the ensuing pandemic situation, Company's business operations were temporarily shut down as per the lockdown directives of Government. Impact of the situation on the auto industry and in turn the Company has been marked by disruption in operations and supply, demand slowdown and a decline in exports.

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

Operations in Hosur, Pondicherry and Rewari plants of the Company were closed from 23rd March, 2020 due to the lock down. Partial resumption of operations was effected, as per the table below, based on approvals granted by the State Governments and the notifications issued by Ministry of Home Affairs:

Plant location	Concerned State Government approval date	Date of resumption
Hosur	5 th May, 2020	7 th May, 2020
Pondicherry	30 th April, 2020	5 th May, 2020
Rewari	4 th May, 2020	5 th May, 2020

3. Schedule for restarting the operations:

The resumption of operations as stated above was initially utilized for training the employees and other stakeholders on COVID-19 related Standard Operating Procedures. However, as the demand situation improved along with resumption of export activities, commercial operations were commenced on all the plants thereafter. The capacity utilization in each of the plants as on 20th June, 2020 was as follows:





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Plant location	Average capacity utilisation %
Hosur	34.55
Pondicherry	32.90
Rewari	59.30

Construction activities in the proposed tech center were interrupted due to the lock down and we expect the tech center to be operational by December 2020.

4. Steps taken to ensure smooth functioning of operations:

The Company has a comprehensive preparedness manual designed for employees, suppliers and other stakeholders to ensure complete adherence to all safety guidelines to minimize the spread of virus. Exhaustive measures have been undertaken to ensure safe workplace for the employees with appropriate social distancing and high standards of hygiene. Work from Home option also continues for certain category of people, in adherence to respective Guidelines.

The Company actively monitors the suppliers', employees' and customers' situation and engages with them to ensure their availability for smooth operations. In cases where the suppliers' operations are disrupted, the Company had developed alternate sourcing options. Only few of the Company's major Suppliers were impacted by the Pandemic and ensuing lock down. Employees' care had been ensured by the Company through arranging transportation following all norms, provisioning of all Personal Protective Equipments to protect against infection and continuous training to habituate the Employees to work in line with relevant guidelines and Standard Operating Procedures. System of monitoring employees' health status on regular basis, supporting them whenever there is any health emergency has ensured that the employees stay protected. The Company foresees no significant impact on operations due to shortage of workforce.

The Company had also ensured routine disinfection, invested in Artificial Intelligence driven monitoring of social distancing and a dedicated monitoring mechanism to protect from any disruption in operations due to COVID-19 infection.

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

Since mobility is critical to any economy, we do not foresee a prolonged downturn in demand though the composition of the demand may significantly get altered in the future due to the requirement of social distancing, which may be the most significant driver of change, with people rethinking their transport modes to avoid infection. Many recent trends clearly show that private cars, walking, and biking demand is picking up.

Personal vehicle use may pick-up in the short term which could lead to revival in the core segment where the Company operates. Further, remote working may discourage consumers from investing heavily in personal transportation which may place two wheelers at an attractive position.

However, these evaluations are only based on current situation and will be constantly reviewed by the Company as it evolves, which may lead to significantly different outcomes.





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6. Commitment to Government/ Society efforts to fight COVID 19 pandemic:

The Company had actively participated in Central Governments' efforts to fight the pandemic by contributing Rs. 75 lakhs to PM Care fund. Also, Rs. 25 lakhs contribution was made to IIT Chennai for research into developing test kits for carrying out rapid testing. The Company had provided relief measures, in co-ordination with other Group Companies, to stranded migrant workmen and local community by supplying sanitary products like soaps, sanitizers etc.

7. Details of impact on financial position etc:

The Company is currently in comfortable liquidity position to meet its financial and other commitments. However, the Company will continue to monitor the liquidity situation and if required, take appropriate steps to augment it further.

While the Company's profitability in the current Quarter has been impacted materially, we expect the same could improve in the forthcoming Quarters. Details about the actual impact will be disclosed as part of the Q1 Results. Given the dynamic situation, we are unable to ascertain with reasonable accuracy, the expected financial impact in future. However, in order to mitigate the impact, Company has taken various initiatives to manage its costs across the organization and also took actions to conserve cash which is critical in times of crisis. This includes a temporary pay cut to employees and Senior Management personnel till the time the market situation improves and reaches the pre-pandemic levels. The Company is confident of realizing/recovering its assets.

The Company has postponed or deferred operational capex while ensuring the safety and sustainability of the business. But investment in strategic capex like tech center shall continue as per plans so as to ensure the medium to long term growth is not impacted negatively.

8. Impact on Contracts & Obligations:

At present, the Company does not anticipate any non performance of contract/agreements which will have significant/ material impact on the business by any party.

Please take the above information on record.

Thanking you

Yours sincerely

For India Nippon Electricals Ltd

Ganapathisubramanian venkatram
Digitally signed by Ganapathisubramanian venkatram
Date: 2020.06.27 21:41:03 +0530'

G VENKATRAM

Company Secretary

Safe Harbor: By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances and there are many factors that could cause actual results and developments to differ materially from the expressed or implied forward-looking statements.

