

4<sup>th</sup> June 2020

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Dear Sir,

**Sub: Impact of the COVID-19 pandemic**

Pursuant to regulation 30 of SEBI LODR and SEBI Circular No.SEBI/HO/CFD/CMD1/CIR/P/2020 /84 dated 20<sup>th</sup> May 2020 we wish to inform you the following:

**a. Impact of the CoVID-19 pandemic on the business**

WABCO India Limited is a leading supplier of technologies and services that improve the safety, efficiency and connectivity of commercial vehicles in India. The business of the company is directly correlated to the Commercial Vehicle Industry in India. The CV Industry has been witnessing contraction for the large part of FY 2020 as some events impacted the economy and the industry.

In recent times, the company also is experiencing the impact of lockdowns induced by the spread of COVID 19 to pandemic levels. The nationwide lockdown starting from 17<sup>th</sup> March 2020 and continuing as at the date of this note resulted in nil to very minimal commercial vehicle production and hence has an impact on the revenue of the company.

The company has been gradually opening up its factories and operations within the limits approved by the appropriate Governments. The capacity enabled at various factories and offices of the Company when compared to operating levels of February 2020 is tabulated below.

Location	
Ambattur Plant , Chennai	40%
Mahindra World City Plant, Chennai	45%
Jamshedpur Plant	40%
Lucknow Plant	35%
Panthnagar Plant	5%
Software Center, Porur Chennai (Including Work from Home)	100%

The company is monitoring the state of relaxations at various locations and also the evolution of demand. The company is suitably equipped to scale up capacities and production to match the demand as it evolves.

**b. Ability to maintain operations including the factories/units/office spaces functioning and closed down;**

The Company adopted the work from home policy during the entire duration of the lockdown wherever feasible. All necessary arrangements were made for employees to work from home. The company was largely successful in ensuring that essential activities were not interrupted.

**c. Schedule, if any, for restarting the operations & Steps taken to ensure smooth functioning of operations**

The company has its operational locations in areas which are classified as “Red areas”. The company is strictly adhering to the protocols defined by the Government while operating in these locations. Well established and well rehearsed safety, social distancing and sanitizing norms are ensured. These measures include

Standard SOP for restart of operations based on government guidelines

Thermal Screening, self declarations & hand sanitizing of all employees and visitors

Regular update of the health of all the employees and their families

Disinfection of all frequent touch points twice a day in all sites/offices , non touch hand sanitizers are placed

Social distancing in production line as well as in office areas with gloves and masks being made mandatory in all production lines

Touch free modification made in rest rooms and water coolers

Awareness sessions with Dos and Don'ts to all employees before back to work

Video for COVID safety practices developed and communicated to all employees

Work from home recommended for non production employees

Only 50% occupancy is permitted in canteen at a time; food is served by canteen staff so to ensure minimal touch

Regular engagements with customers & vendors to assess their preparedness.

**d. Estimation of the future impact of CoVID-19 on its operations**

The Company expects that the return to normalcy in the segment in which the company operates will commence as the lockdowns and restrictions are relaxed and economic activity begins. The company is closely monitoring all the factors which may impact the demand for commercial vehicles, the components needed for servicing the commercial vehicles and also the global economy which will impact its OEM, After Market and export sales respectively. Given the uncertainty in evolution of various factors, the company is fairly confident that over the next 2 or 3 quarters, economy and the industry will witness gradual increase in activity levels. As the finished good inventories of commercial vehicles are estimated to be low currently, the outlook for volumes is positive.

Factors like continued restrictions even after lifting of lock down, social distancing norms, ability of supply chain to revive, getting back the required workforce and the time to train them may impact the road to recovery. This may result in low levels of manufacturing activity in the short term. The cost of operations is likely to be impacted due to the need for re designing factories to address social distancing norms.

**e. Impact of COVID-19 on capital and financial resources, profitability, liquidity position, ability to service debt, assets and internal financial reporting and control**

The Company has cash reserves to meet its obligations and does not foresee a need to borrow or raise capital. The company has a strong credit management process and investment vetting processes. The assets of the Company need not be impaired due to the slow down caused by COVID 19.

The Company has met all its financial obligations and would continue to do so.

The company is receiving all major dues from its customers albeit with some delays. The company has been accepting payments through arrangements with the banks the customers have made on a selective basis. The Company does not consider any incremental material recoverability risk. It is expected that the situation would improve going forward along with the relaxation in restrictions.

The Company has robust ERP system in place and all its locations are well networked. Even during the lockdown with a combination of critical staffs working from locations and all others working from home, all reporting systems worked seamlessly without any disruption and ensuring adequate controls.

The company has taken all steps to conserve cash during the lockdown, as revenues were hit. The company also has imposed strict cost control measures to reduce and avoid discretionary spend. However, cash and profitability are expected to be impacted due to extreme drop in activity levels.

The company has however ensured that all committed and due payments for statutory purposes, to vendors and to employees were made on time. The company took special care to engage with its employees and help them be motivated and productive during the lock down while monitoring and caring for their health and safety. All possible advice and help was made available to the employees. The company had conducted special programs to address the vendors and guide them to be safe and sustain themselves during the lockdown.

The company did a thorough study of its inventory and no major obsolescence is estimated but for a slowing of liquidation of some items.

**f. Existing contracts/agreements where non-fulfillment of the obligations by any party will have significant impact on the listed entity's business;**

The Company is well positioned to fulfill its obligations and also does not foresee any significant impact on the business due to non fulfillment of the obligations by any party.

Kindly acknowledge receipt.

Thanking You,  
For **WABCO India Limited**

s/d  
**M C Gokul**  
Company Secretary

This submission is pursuant to the COVID19 guidelines issued by the stock exchanges. Hence this is not on the letter head of the Company and is unsigned since there is a travel restriction and the officials are working from home.