

23rd June, 2020

BSE Limited,
25th Floor,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai: 400 001

National Stock Exchange,
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
Bandra-Kurla Complex,
Bandra(E), Mumbai: 400051

Dear Sir,

Sub: Submission of impact of CoVID-19 pandemic

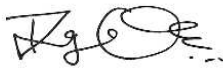
With reference to SEBI Circular bearing no. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020, we submit herewith impact of CoVID-19 pandemic on the Company.

This is for your information.

Thanking you,

Yours faithfully,

For Johnson Controls-Hitachi Air Conditioning India Limited



Parag Dave

Company Secretary

eCSIN: EA012626A000079275

Impact of CoVID-19 pandemic on the Company

• Impact on the business

The lockdown and restrictions imposed on various activities as a measure to control COVID-19 spread have posed challenges to the businesses and operations at Johnson Controls-Hitachi Air Conditioning India Limited. Our factory and corporate office, regional and branch offices were had to be closed since third week of March till mid-May which gradually opened thereafter while complying with prescribed guidelines and implementing underlying operating procedures related to sanitization of facilities and buses, hygiene, enforcing policies of work from home, wearing masks, regulating employee attendance, enforcing social distancing norms and so on.

The company's business has been substantially impacted due to marginal sales from end-March to mid-May which normally have significant contribution to the year's business and profitability.

From mid-May, the company has started to gradually open its operations and till date its factory, corporate office, regional and many branch offices are open with inclusion of work-from-home as part of its work practice.

• Ability to maintain operations including the factories/units/office spaces functioning and closed down

The company adopted the work-from-home policy during lockdown period since its factory, corporate office, regional and branch offices remained closed following Government guidelines. Goods and services provided by company were not categorized as essential by Government.

• Schedule, if any, for restarting the operations

After obtaining requisite permissions, company opened its factory effective April 24th with minimal approved manpower followed by gradual opening of manufacturing operations with easing of people movement from mid-May.

The staggered opening of regional and branch offices started from May 5th with limited manpower except in containment zones and Company has commenced its business across India along with distribution channels and service providers. However, several dealers, distributors and service franchisees whose business fall in containment zones continue to remain closed.

As of now, almost all the pieces of business are up and running while dealing with challenges in logistics and service franchisees due to scarcity of manpower on account of migration happened during lockdown. The operating procedures are revised to ensure adherence to social distancing norms and compliances of government guidelines.

The Corporate office at Kadi, re-opened on May 7th with limited staff working from office in the initial phase followed by a combination of work-from-home and office since mid-May.

• **Steps taken to ensure smooth functioning of operations;**

The company has deployed safety protocols, prescribed guidelines and operating procedures to comply with rules and regulations laid down by various authorities. Before opening, the company has sanitized its facilities (factory, regional and branch offices and corporate office). It also ensured adherence of social distancing norms while extending work-from-home facility to its employees and only limited staff was allowed to work in offices.

Manufacturing activities have started and ramping up based on the production plans adjusted in line with current inventory levels and demand. Accordingly, the manufacturing activity will be well below normal and hence manpower requirement have also been adjusted downwards.

• **Estimation of the future impact of CoVID-19 on its operations;**

The loss of sales during the peak season months have significantly impacted the sales and profitability and the company have been able to partially compensate the same through cost-cutting and cash conservation measures. It seems quite early to gauge the future impact on operations; however, the company expects normalcy of sales during September quarter, though with some spill over impacts remaining for some more time.

• **Impact of CoVID-19 on capital and financial resources, profitability, liquidity position, financing arrangements, assets, internal financial report and Supply Chain**

Company's liquidity position is sound and it has adequate capital and financial resources as it has banking limits in place and accordingly have been able to take care of our obligations to pay vendors.

In order to built-up inventory for season, the company normally borrows in March. However, due to lockdown during peak season, loss of sales happened negatively impacting the company's operating cash flows. It is expected to become positive during December quarter. Thus, the profitability is expected to be adversely affected due to COVID-19 situation.

The company has already taken measures to bring the cost down and conserve cash and expect to reap benefits in future.

Company does not see any incremental risk in recoverability of its assets – inventories, receivables etc. based on the measures taken to mitigate the same. There is no impact on internal financial controls due to the pandemic.

• Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business

The company do not foresee any significant impact on the business due to non-fulfilment of obligations by any party. The company is in sound financial position to fulfil its obligations.