



SEC 05 / 2020-21

26<sup>th</sup> May 2020

The General Manager, DCS – CRD  
BSE Limited  
Corporate Relationship Department  
1st Floor, New Trading Ring  
Rotunda Building, P J Towers  
Dalal Street, Fort,  
MUMBAI - 400 001  
Scrip Code: **500114**

The General Manager, DCS – CRD  
National Stock Exchange of India Ltd  
Exchange Plaza,  
Bandra-Kurla Complex,  
Bandra (East),  
MUMBAI - 400 051  
Symbol: **TITAN**

Dear Sirs,

**Sub: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Disclosure relating to impact of CoVID–19 pandemic on the Company**

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20<sup>th</sup> May 2020 and further to earlier disclosure on the subject dated 22<sup>nd</sup> March 2020, an update relating to the impact of the COVID-19 pandemic and the resultant lockdown, on the operations of the Company and the current status is attached.

This is for your information and record.

Thank you,

Yours truly,  
For TITAN COMPANY LIMITED

Dinesh Shetty  
General Counsel & Company Secretary

Encl. As stated



## **COVID-19 Pandemic Situation- Update on Operations**

### **A. Impact on the business**

The lockdowns and restrictions imposed on various activities due to COVID – 19 pandemic have posed challenges to all the businesses of Titan Company Limited (the “Company”/“Titan”) and its Subsidiaries.

The Company’s operations were hit substantially from 17<sup>th</sup> March 2020 till the 1<sup>st</sup> week of May 2020, when lockdown was gradually lifted. Corporate offices, regional offices, retail operations and manufacturing facilities were fully shut during the period and the Company was able to get only very marginal sales through its online channel at the end of April but delivery for these have been affected due to classification of our products as non-essential so far.

‘Akshaya Tritiya’ is considered as a very auspicious day for buying gold jewellery and is a big contributor to the jewellery sales for the industry. This year it was on 26<sup>th</sup> April, which was during the lockdown period and hence almost all the sales related to it were lost except for some online sales. The wedding season is also normally quite strong in the months of April and May and this year almost all weddings in this period have been postponed. The jewellery business of the Company has deferred the launch of two of its collections till a time that most of the stores are re-opened.

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

As stated earlier, retail stores and manufacturing facilities were shut down entirely during the lockdown phase as the Company was not part of Government denominated essential services. Corporate and regional offices were also shut, but the Company adopted the work from home policy during the entire duration of the lockdown.

### **C. Schedule, if any, for restarting the operations and steps taken to ensure smooth functioning of operations**

With the lifting of the lockdown restrictions, the Company has started re-opening its stores in the non-containment zones, after establishing thorough and well-rehearsed safety protocols. These protocols include encouraging customers to take appointment before a visit to the stores, making possible cashless payment in all stores, sanitizing products before and after every trial by customers, allowing limited number of persons inside the stores basis the store size, thermal screening, compulsory use of face masks, rotation of store staff, etc.

The Company has opened around 43 % of its stores across all businesses till date. All the mall stores however continue to be closed as per Government regulations. Based on representations being made by various Industry associations, the Company is hopeful that malls will also be opened in the next few weeks in non-containment zones along with High Street stores.

Manufacturing activities have commenced gradually in most of the facilities. However production ramp up will be based on current inventory levels and the Company’s estimate of





demand. In the short term, it is therefore expected that manufacturing activity will be well below the normal. Manning at all facilities is also well below allowed norms and may remain so till production requirements go up to normal levels.

The Corporate office at Bengaluru re-opened on 6<sup>th</sup> May, 2020 with limited staff working from office in the initial phase.

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

The Company is predominantly dependent on retail operations being robust as it sells its products through nearly 1850 retail outlets in the country. The share of online business is around 2 % of its sales. The sales in stores that have opened up are at around 50 % of the sales in a normal period and is improving gradually. These are early days and the Company is not in a position to gauge with certainty the future impact on operations but expects normalcy to be achieved only after a quarter. Customer sentiment pointing to reduced spends on discretionary items might impact demand for most of the Company's products.

The drop in sales is also expected to impact store profitability in the near term and hence store roll outs will be calibrated in the immediate future till more clarity emerges.

#### **F. 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 is in a comfortable liquidity position due to adequate banking limits being in place and ability to issue Commercial Papers as the Company continues to enjoy the highest rating in both short term (A1 +) and long term (AAA) borrowings by CRISIL and Brickworks. The Company has successfully issued Rs 1,000 crore of Commercial Papers during April and May at extremely attractive rates to meet the funding requirements. The strong balance sheet of the Company is expected to be a key differentiator in the market place. This enables the Company to support its franchisees and vendors financially during this crisis.

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.

In last 2 months, the Company's operating cash flow was negative due to virtually zero sales during the first 6 weeks of lockdown, increase in mark-to-market cash outflow on gold hedge due to rising gold prices and committed costs being incurred. However, these mark-to-market cash outflow is expected to be recovered when sale of jewellery commences. Thus, the COVID-19 situation is expected to adversely affect the profitability during the first half of this year.

The Company does not see incremental risk to recoverability of assets (Inventories, investments, Receivables, etc.) given the measures being taken to mitigate the risks. There is also no impact on internal financial controls due to the COVID-19 situation.





### **G. Impact of COVID-19 on supply chain**

There is minimum disruption in the supply chain as most of the vendors have re-started their production and are ready to provide required supplies. Supplies from international vendors for watch business, eyewear business and for accessories have commenced.

Manufacturing facilities are ready for production and will commence depending on the demand and the inventory being liquidated.

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

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.

### **I. Impact of COVID-19 on Key Subsidiaries of Titan**

During the last couple of months, due to lockdown, the retail operations of CaratLane Trading Private Limited ("Caratlane") were impacted adversely (many of the stores are in malls and they have not reopened as yet). However, since Caratlane has got a good proportion of sales from online operations, it is expected that these sales will help in the cash flows and profitability of Caratlane.

Titan Engineering & Automation Limited ("TEAL") has not been impacted much by the situation as one of its Divisions (Aerospace and Defence), was categorised as essential services and therefore was able to carry out its operations. The plants have commenced operations from mid of April in a staggered manner with minimum manpower and has been able to service customers with finished goods stock so far.

Both the above subsidiaries have adequate liquidity/ banking limits to tide over the impact of COVID-19.

### **J. Annual Audited Accounts – FY 20**

Generally, the Company publishes its annual audited accounts by second week of May of each year. However, due to the current situation, it is expected that the Board meeting to adopt the accounts is planned to be held in mid-June.

For **Titan Company Limited**

**Subramaniam S**  
**Chief Financial Officer**

