June 3, 2020

Dear Sir/Madam,


Commencing from the second half of March 2020, the lockdown restrictions in order to contain the COVID-19 pandemic, had an impact on the Company’s operations both in the Indian market as well as the international markets.

Pursuant to Regulation 30 of the Listing Regulations read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020 and further to our earlier disclosure on the subject dated March 28, 2020, an update relating to the impact of the COVID-19 pandemic and the resultant lockdown is given below:-

Employees:

- Amidst the crisis, the safety of our employees has been our top-most priority and the Company has taken several measures to ensure their well-being. All office-based employees have been working from home in accordance with the guidelines issued by the relevant governmental authorities. We are also working to ensure the safety of our teams who do require to step out for work, for example in Sales & Operations, by providing enabling measures, as also mandating them to take all safety precautions. This includes both our direct employees, as also those working with our partners, including contractors and distributors. In India, all our employees have been instructed to download the Aarogya setu app launched by the Government. We have also curtailed the total number of employees working at any of our offices, plants and the warehouses at any given time.
Indian Operations:

- The operations of the Company saw disruptions starting the middle of March 2020 and the operations started resuming partially since early April 2020; post the receipt of requisite Government permissions. In the initial period, we saw a mixed response across channels – good sales off-take in modern trade and e-commerce, which to some extent was reflective of panic buying, whereas sales in traditional channels and food service were adversely impacted primarily because of closure of stores and issues with sales manpower & logistics.

- The situation has however progressively improved with easing of lockdown measures by the Government including higher market openings and facilitation measures for the supply chain. During this time, the Company also innovated in the supply chain, partnering with e-commerce and other delivery players in India to ensure direct reach to our consumers.

- Almost all the Tea packaging units, Salt/Pulses packing centres and 3P Spices units are operational with prescribed operating norms. Also, almost all the warehouses are now operational with a few operating with limited working hours and manpower. The finished goods stock holding across depots are at a healthy level.

- The Company has taken all necessary steps to adhere to the guidelines for social distancing provided by Ministry of Home Affairs along with the various directives issued by relevant Government authorities and has put in place safety measures keeping in mind safety, health and well-being of the employees and other stakeholders at all our locations.

- The Company’s Corporate Head Office in Mumbai and the Registered Office in Kolkata and most of our sales and operations offices were closed in accordance with the Government directives and/or as a precautionary measure. In some locations, the operations at the offices have started from the last week of May 2020 but at substantially reduced strength, and after taking necessary permissions & precautions as required under Government directives. The Offices in Maharashtra continue to remain closed as of this date.

- Preparations for the end of lockdown are underway; including building alternate capacities, extended working hours, hardship allowance and providing insurance cover for frontline workforce (own & contract).
India – JV and Plantations:

- Tata Starbucks - All the stores in India were closed w.e.f. March 22, till mid of April, 2020. The Company has now been able to open about 40% of its outlets for the delivery and takeaway business.

- NourishCo Beverages - As most of the products are consumed on premise and out of home, the impact has been fairly significant in April. Starting late May, as markets and outlets have opened, the revenues are slowly coming back to normalcy.

- Plantations: All the tea and coffee plantations in India were also shut till early April. While they opened early April with limited manpower and operations, barring a few geographies today, they are now currently operating almost to full capacity. There has been some crop shortfalls during this period due to the curtailment of operations.

International Operations:

- All the Company’s factories have been running flat out. We saw higher demand, with significant increase in in-home consumption due to stocking with offices, bars and restaurants closed during the lockdowns. A shift to more normal consumption levels is beginning in certain markets.

- While the tea and coffee sales to our retail customers have increased due to higher in-home consumption, the Companies out-of-home businesses in the USA and Australia have seen a sharp decline.

- Preparations for normal business, post the lockdown are underway, including safety protocols, business plans to ramp up volumes, capacity build up, raw material supply continuity etc.

Financial Resources, Profitability and Liquidity Position:

The Company is in a comfortable liquidity position to meet its commitments. While sales are getting back to normal levels there could be impact of increased input costs including due to commodity price volatility and supply constraints. The pandemic has imposed incremental operating costs on the business. While there will be some impact on our profitability in the short term; however, it is difficult to assess the exact quantum at this stage. The Company has taken adequate measures across the organization to control costs, to conserve cash and to address any evolving situation resulting from the pandemic. The Company does not foresee any significant challenge in realizing/recovering its debtors, inventory, financial instruments and other assets. All internal controls and controls over financial reporting are reporting in a satisfactory manner.
Estimation of the future impact of COVID 19 on its operations:

Considering the fact that the situation is exceptional and is changing dynamically, the Company is not in a position to gauge with certainty how the evolving situation will influence its operations going forward. Based on the current trends, given that the Company is operating in the essential foods and beverages segments, the current scenario is not expected to have a material adverse impact on the Company. The out-of-home business segments, in general, have been impacted due to the lockdown conditions. However, this business segment is not materially significant within the overall business portfolio of the Company. The Company will take all efforts to adapt to the changing business environment and respond suitably to fulfil the needs of its customers.

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 existing contracts/arrangements. At present, we do not foresee any material impact arising from non-fulfilment of obligation by any party in existing contracts or agreements.

Impact on the financial statements

The Company has published its results for the quarter and year ended March 31, 2020 with annual audited accounts on May 14, 2020. The Company will be holding its Annual General Meeting on July 6, 2020.

This is for your information and records.

Yours faithfully,
For Tata Consumer Products Limited

Neelabja Chakrabarty
Vice President & Company Secretary