



SEC 74 / 2019-20

4th January 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: Quarterly Update – Q3 FY 2019-20

This is to provide the quarterly update for Q3 of FY 2019-20 as furnished in the attached document.

Thank you.

Yours truly,
For TITAN COMPANY LIMITED

A handwritten signature in black ink, appearing to read "S. Subramaniam", is written over a horizontal line.

S. Subramaniam
Chief Financial Officer

Encl. As stated

Titan Company Limited

'INTEGRITY' No.193, Veerasandra, Electronics City P.O Off Hosur Main Road, Bengaluru - 560 100 India, Tel : 91 80 - 67047000, Fax : 91 80 - 67046262
Registered Office No. 3, SIPCOT Industrial Complex Hosur 635 126 TN India, Tel 91 4344 664 199, Fax 91 4344 276037, CIN: L74999TZ1984PLC001456
www.titan.co.in

A **TATA** Enterprise



4th January, 2020

Quarterly Update: Q3 FY '20

The general economic slowdown in the economy leading to poor consumer sentiment and lower walk ins has been a concern for the last few quarters. The company experienced different consumer responses in each of its divisions. Retail sales in jewellery were better than expected at the beginning of the quarter, possibly due to a good wedding season and reasonable inelasticity of wedding jewellery, but growth in Watches and Eyewear were difficult to come by. Sales in all divisions in the second half of December was also impacted to some extent due to forced store closures due to the protests in the North East and in many other parts of the country.

Ronnie Talati, CEO of the Eyewear division, retired on 31st December 2019 after serving the Company for 36 years. Saumen Bhaumik who was Chief Sales & Marketing Officer in Eye wear, has been appointed as CEO of the Division. Saumen has spent nearly 30 years in Titan in various capacities.

CRISIL has upgraded its rating on the long-term bank facility of the Company to 'CRISIL AAA/Stable' from 'CRISIL AA+/Positive.' BSE (Bombay Stock Exchange) has included Titan Company in its benchmark stock index with effect from Dec. 23, 2019.

The Company continued to expand its network during the quarter though actual roll out, particularly in jewellery, has been trailing plan to some extent due to operational reasons.

Jewellery

The industry itself witnessed reasonable growth in the festive season and the company itself did better and market share gains were evident. The division met its revised expectations for the quarter. While the revenue growth for quarter is 11%, the retail growth was actually much better at 15% (the base quarter, Q3'19, had a large institutional order for gold coins of ~INR 200 cr)

In early October, 'Virasat' collection, inspired by the rich heritage and artistry of the royal city of Udaipur, was launched in the plain gold category for the festival season of Diwali.

During the year, the division added 34 Tanishq stores, 8 Mia stores for the year to date on net basis, with the retail space addition being ~117,000 sq. ft. As of now it is expected that we may add only around 50 stores for the year. This is primarily due to the operational delays in roll out and not because of change in plan to reduce the number of stores to be opened.

Watches & Wearables

Division's growth for Q3 was flat compared to previous year. Market for watches itself is estimated to have declined by around 4% due to poor customer sentiment and this led to primary sales to trade and e-commerce channels declining sharply. Our own retail stores (WOT, Fastrack and Helios) grew quite well despite the weakness in the market.

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The Division has been focusing on the wearables category over the last few years and in this connection acquired patented technology in the field of Advance Gesture Recognition technology from HUG Innovations Inc. and has also hired the entire team in India effective 1st January 2020. Hug Innovations had earlier launched 4 products – Hug Smartwatch, Hug Elan, Hug Fit and MyBuddy. It was recognized amongst the Top 10 innovative start-ups in the world at Mobile World Congress, Barcelona.

The division launched its second version of 'Titan Connected', a hybrid watch collection with an in-house micro-motor movement. 'Raga Facets', a collection inspired by the amalgamation of different shapes, materials, finishes and colors and 'Titan Maritime', a collection inspired by sea voyages during medieval era, better known as Age of Discovery were also launched in the quarter.

Fastrack brand launched 'Reflex Beat', in fashion technology, an activity tracker with Heart Rate Monitor and is witnessing high sell-through across channels. 'All Nighters 2.0' collection to define the party looks and 'Go Skate' which celebrates the emerging Skating culture among the Youth were also launched.

Sonata launched its first hybrid collection "Sonata Stride" and "Sonata Stride Pro" loaded with features to maintain a healthy life style by keeping a track of daily activities through the inbuilt activity tracker. Sonata also launched Sleek 3.0 – slim and elegant workwear collection, 'Smart Plaid' – affordable fashion for gents with a modern take on plaid and "Sonata Onyx" – a set of watches with all black plated cases across three looks – fashion, work & festive.

During the year, the division added 6 WOT stores, 8 Fastrack stores and added 12 Helios stores, on net basis, adding ~8,000 sq. ft. of retail space.

Eye Wear

After witnessing two strong quarters, the division's revenue grew by only 2%, primarily led by heavy competitive activity, lower primary sales to trade channels and the disruption in the second half of December due to the nation-wide protests. Growth for the year as a whole was good at 14%

The division added 63 stores during the year to date and also closed 22 stores, ending up with a net increase of about 27,000 sq. feet of retail space.

Other Businesses

Fragrances continue to increase its distribution reach and witnessed good growth in excess of 20% during the quarter over the same period last year.

Perfumes were launched also under the Fastrack brand during the quarter with Ananya Pandey, as the brand ambassador. With the sharp rise in focus on grooming, there is a clear consumer need in this underserved market. The collection comprises of 7 different perfumes, the names of which are all inspired from music.

'Taneira' opened three stores during the quarter, one each in Mumbai, Bangalore and NCR, taking the total store count for the business to ten covering five cities. The brand launched in-house designed collections called 'Courtyard Tales' and 'Chokola' during the period.

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Subsidiaries

TEAL

TEAL continued to grow at very strong pace of 55% in Q3 on back of strong order book and winning new orders with global clients. The 2 divisions, Aerospace & Defence and Automation continue to be recognized globally for quality and capability.

CaratLane

CaratLane continues to record a strong growth in Q3 despite the softness in the market. Growth for the quarter is around 65%. During the quarter, CaratLane launched the Ombre collection which was very well received by consumers. 11 new stores were added in the quarter taking the store count to 82.

Environmental, Social and Governance (ESG)

As part of our Comprehensive Eye Care program, a Mobile eye care unit has been launched in collaboration with Sankara Eye Hospital, to scale our eye care program to the rural masses.

We have also launched Skill development program for the differently abled youth in Chennai, besides adopting two Govt ITI's in the tribal region of TN for holistic engagement.

For Titan Company Limited,

(Subramaniam S)

Chief Financial Officer

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