



SEC 001 / 2021-22

7<sup>th</sup> April 2021

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 – Q4 FY 2020-21**

This is to provide the quarterly update for Q4 of FY 2020-21 as furnished in the attached document.

Thanking you,

Yours truly,  
For TITAN COMPANY LIMITED

Dinesh Shetty  
General Counsel & Company Secretary

Encl. As stated

Titan Company Limited

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7<sup>th</sup> April 2021

### Quarterly Update: Q4 FY '21

The Company continued to witness strong business momentum as the Covid impact on the consumer sentiments seemed to fade in the early part of the quarter. After recording the best ever revenue in Q3, which was a festive season, the Company again recorded very strong revenues in Q4. The strong performance in the financial year has been the result of the agility in navigating through the crisis and uncertainty of ground situations, along with innumerable grass root innovations to serve consumer needs and leveraging digital channels to reach-out to them effectively.

While the jewellery division has emerged very strongly from the crisis and witnessed strong growth in the quarter, the Watches & Wearables and the Eyewear divisions have also made very good progress on recovery. However, it must be pointed out that the second half of March 2020 was impacted by the emerging Covid situation.

The Company recorded strong revenue growth of 60% for the overall Q4 due to low base of March '20, with revenue growth of over 36% in the comparable January & February months. Q4 reported revenue growth was further aided by a large B2B gold coin order that contributed ~8% of the growth.

For the International Business Division, the performance of its Dubai Boutique has exceeded the internal expectations and all the retail metrics are quite healthy. The division is now planning to open another store in GCC. The division took over 10 kiosks of Watches from the existing business partner in GCC.

In May '20, the mid to senior employees had taken the pay cuts for the Company to tide through the uncertain environment. In light of the better than expected recovery, the Company has fully reinstated the cash component of the salary cuts with retrospective effect.

#### Jewellery

The division continued to see the strong sales momentum in Q4, reflecting the strong market share gains. Sharp decline in gold prices during the quarter also gave impetus to the consumer demand for the industry. Q4 also had a large B2B order in the quarter, contributing to about 10% of the quarter's growth. The retail and reported revenue (excluding B2B sale) growth for the first two months was ~ 32%. Reported revenue growth for the quarter was ~70% due to the low base of March month in the previous year. The strong growth has been seen in both metro and non-metro towns. Wedding jewellery has been a strong growth driver for the year and its share in overall jewellery revenue has increased meaningfully, compared to last year. The division's hero market (increase market share of Tanishq) strategy, of making various local market specific interventions, has resulted in strong growth in Tamil Nadu market, which has traditionally been a stronghold of regional jewellers. Despite the 70% loss in retail sales in Q1 due to lockdowns, the division has exceeded the retail sales of previous year on a full year basis.

The ticket size has normalized compared to the initial period of the year after the lockdown, though it is still much better than last year levels. Significantly, the number of buyers (invoices), has moved from near full recovery in Q3 to strong double digit growth in Q4, leading to strong revenues from these two factors. With the strong buyer's growth, the GHS enrollments has also recorded strong double-digit growth.

However, the margin in Q4 is impacted on several accounts, including one-offs. Like every year, Q4 had a studded activation and even though it was well received by the customers, the studded ratio is lower than

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the previous year. The share of coins was higher compared to last year. These factors contribute to lower margins. An important contributor to lower margins in the quarter however is the reduction in customs duty in February. As custom duty was paid upfront at higher rates at the time of procurement of gold under the gold-on-lease route, and daily pricing of gold is based on duty as at the date of sale, the Company had to absorb the loss to the extent of duty already paid at the higher rate.

The division started 'Rivaah Aashirwaad,' the wedding Jewellery campaign, in March in focus markets. Tanishq launched a new campaign to promote its exclusive range of engagement rings with a digital film. Mia is revitalizing the brand and expanding its product portfolio to serve the customer need of lightweight daily wear jewellery for various occasions. To enhance its portfolio the brand launched 'The Cupid Edit,' 'The Cocktail Edit' and 'The Initial Edit' collections.

The division added 26 Tanishq stores on a net basis in FY'21, with the retail space addition being ~123K sq. ft.

### **Watches & Wearables**

The division had a recovery rate of close to 90% for the first two months of the quarter and had flat reported revenue in Q4 compared to last year. The E-commerce channel continues to have higher salience, with all other channels also making good progress. Metros and mall stores have seen better recovery during the quarter compared to last quarter.

Titan launched the Edge Mechanical, the slimmest mechanical watch by Titan, with a 2.2 mm slim in-house hand-wound movement. This collection heralded Titan's entry into the rarefied world of luxury mechanical watches.

Fastrack launched the next generation of its most popular band yet, Reflex 3.0, which is the brand's journey towards Fashtech. Other major collections in Q4, highly inspired by the current trends for GenZ are Paint Me, a fashion collection for Girls and Gamify collection. Sonata has geared up for the Wedding season with attractive festive offerings for both men and women, mirroring the rise in optimism and uptick in consumer demand.

The division has also made an entry into the new category of audio accessories by launching Over The Head (OTH) headphones and Truly Wireless (TWS) earphones.

In FY'21, the division added 13 WOT stores, 11 Helios stores and closed 13 Fastrack stores, on a net basis, adding 1.5 K sq. ft. of retail space.

### **Eye Wear**

The division's revenue grew by 20% in the quarter, with the growth in the first two months being 4%. The growth was led by strong growth in Titan Eye Plus channel.

The division launched first 'Fastrack' branded eyewear store. The division continues to drive up the NPS score, which had already been at good levels and also won the prestigious RED DOT award for the upcoming Signature frames collection.

Verve and Acetate collections were launched, under Fastrack brand, in bold colors taking forward the Fastrack design language. Glam series of frames for women were launched under the Titan brand.

In FY'21, the division added 15 stores on a net basis, with addition of about 1.8 K sq. feet of retail space.

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## Other Businesses

Other businesses had a revenue recovery of around 80% in Q4, compared to the revenue of same quarter in last year. Taneira continued to recover well with 93% recovery in Jan & Feb month, however, accessories business were drag on the segment.

### Taneira

Taneira operated out of fourteen stores during the quarter covering six cities. With relaxation in the lockdowns, the brand conducted over 50 trunk shows & pop ups in various parts of the country and the same has seen good traction among saree buyers, especially in smaller cities. The brand launched "Parichay: Song of the Forest" collection that uses natural and sustainable fabrics birthing from the idea of circular fashion, and "Heritage collection" an exquisite range of bridal & wedding sarees with a reflection of vintage charm.

### Fragrances

The sales have recovered ~80%. Trade has started recovering well especially in Feb and March. Sales in the World of Titan stores has started growing at 7%. Ecommerce continues to grow with customers moving to online purchasing. Sales in LFS continue to lag compared to other channels.

### Accessories

The sales have recovered ~50%. The recovery is low in two of the biggest channels, trade and LFS. LFS has been slow because of the lower walk-ins into malls and Trade due to lack of demand for the "guys" bags, which is a significant contributor to this channel. We see the demand for "guys" bags to be very tepid until schools and colleges reopen. Business from e-commerce has grown by 2.3x.

## Subsidiaries & Joint Ventures

### Titan Engineering and Automation Limited (100% owned)

TEAL had a revenue decline of 26% in Q4 as the aerospace business continues to face challenges due to the continued headwinds in the industry. The automation business vertical is however showing good signs of revival with the increase in the enquiries for automation solutions in the recent past and improving order book.

The efforts to contain costs and the focus on capital employed and cash generation has been yielding positive results.

### CaratLane (72.3% owned)

CaratLane delivered a growth of 60% for the quarter continuing its strong growth trajectory. Despite the challenges at the start of the year, for the full year FY'21, the CaratLane B2C business grew at 26%. Shaya, the silver and alternate metals brand launched by CaratLane 2 years ago, grew by 136% during the year. The brand also significantly scaled up its international business delivering a 10X growth in FY21 compared to the previous year.

During the year, 25 new stores were added, taking the total count to 117 with a presence across 44 cities in India.

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### **Montblanc J/V**

The Company successfully exited the joint venture with Montblanc during this quarter and closed the transaction.

### **ESG**

#### **Environment**

All divisions are taking several initiatives to reduce their carbon footprint. Currently 70% of the power requirements of all manufacturing plants are met through renewable energy sources. Jewellery division, which is the largest division, has embarked on a carbon neutral mission by the year 2025.

#### **Social**

During the year, the Company had a significant focus on supporting Covid related initiatives, while ensuring continuation of existing programs under CSR. The Company is expected to reach out to 4.6 lakh beneficiaries across all CSR initiatives.

Recently, the Jewellery division committed to further strengthening its procurement processes towards 'responsible sourcing' and has made significant progress till date. The division has been using recycled gold significantly, that comes from customers, through the Gold exchange program. 100% of the fresh gold is now being sourced with LBMA certification. The division introduced a new Tanishq Supplier Engagement Protocol (TSEP) for strengthening the 'responsible sourcing' process for diamonds.

*The revenue growth numbers and other details provided in this note are subject to the statutory audit process and this will be followed by a detailed information update once the Board approves the audited consolidated and standalone financial results for the quarter and financial year ended March 31, 2021.*

**For Titan Company Limited,**

**(Subramaniam S)**

**Chief Financial Officer**

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