



SEC 27 / 2020-21

7th July 2020

The General Manager, DCS – CRD
BSE Limited
Corporate Relationship Department
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Rotunda Building, P J Towers
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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 – Q1 FY 2020-21

This is to provide the quarterly update for Q1 of FY 2020-21 as furnished in the attached document.

Thank you.

Yours truly,
For TITAN COMPANY LIMITED

Dinesh Shetty
General Counsel & Company Secretary

Encl. As stated

Titan Company Limited

`INTEGRITY` #193 Veerasandra Electronics City P.O. Off Hosur Main Road, Bangalore 560100 India. Tel: 9180 6704 7000 Fax: 9180 6704 6262
Registered Office 3, Sipcot Industrial Complex Hosur 635 126 TN India. Tel-91 4344 664 199 Fax 91 4344 276037, CIN: L74999TZ1984PLC001456
www.titancompany.in

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7th July, 2020

Quarterly Update: Q1 FY '21

After suffering complete loss of sales in April due to lockdown, the Company started re-opening the stores, primarily high street stores, from 6th May onwards in the non-containment areas. Safety of our customers and employees has been a primary concern and all stores were opened only after ensuring all safety protocols were laid out and our staff were adequately trained to adhere to the same. Subsequently, many malls have also received the permission to operate and those mall stores have also been opened. As at the end of June 2020, the Company has re-opened around 83% of its stores across all businesses.

A customer reach out programme communicating the safety steps taken at or stores has been widely appreciated by our customers. While 83% of our stores have opened, as per the regulation of local administration, some stores can be opened only on alternative days and some towns have restrictions on the store timings and stores in new containment areas get temporarily closed. Our digital platform was fully leveraged to help customers in their buying process. Video calling was used by the store staff to demonstrate to the customers the safety precautions undertaken at the store and importantly in helping them shortlist product they intent to buy before the actual store visit. 'Live chat' facilities also made the decision making process of customers easy and all queries on products coming in through brand websites and other social media channels are being responded to in a timely manner. Customers are encouraged to visit stores by appointment only to ensure they do not have to wait too long due to social distancing protocols. The Company has 18 million members in its loyalty program, 'Encircle', which was leveraged by the store staff team to proactively reach out to its customers.

Almost all manufacturing operations have commenced operations. However, production levels are low now, given the inventory situation and will be ramped up only gradually when the company sees sales picking up to normal levels. Our Corporate office in Bengaluru is open with less than 50% employee strength, with the rest working from home. Some of the stores that were in the WIP stage before the lockdown are now getting completed at a slow pace with limited labor availability.

The Company extended financial support to its franchisees and vendors, particularly by providing soft loans at extremely low interest rates.

The Company had started a cost optimization program called "War on Waste" few months prior to the pandemic and it could not have been a more timely initiative. Every expense item is being looked into, whether they are direct costs or fixed costs. In addition to savings identified by this programme that will basically be sustainable savings, there will also be discretionary cuts on various expense heads due to the lower level of activity this year. The Company has been able to negotiate fairly significant rental waivers and reductions for the period of disruption and for the next quarter with landlords, both high street and mall owners.

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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 (reiterated recently in its annual surveillance) 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 current funding requirements. As on 30th June 2020, the company is in a net cash surplus status thanks largely to sale of excess inventory in the form of gold to the commodity exchange and certain vendors.

Since the markets and channels are opening up in a phased manner, the Company kept the launches very tight and postponed the launch of collections to Q2.

Jewellery

Revenue in May and June months were at slightly below 20% and around 70% compared to the corresponding months of the previous year. The Division also sold gold in the bullion market worth INR 610 cr. at market rates to optimize the inventory levels. The recovery has been better than originally envisaged on the back of higher share of wedding jewellery sales (despite the deferment of many weddings), good sales coming from GHS scheme, and investment led demand leading to higher gold coin sales. The contribution from Gold exchange scheme was not unusually high and remained in line with last year. Average ticket prices have also gone up led by higher wedding jewellery and higher gold prices. As the gold prices have been rising continuously for last year, the division has also launched a ‘Gold rate protection scheme’, whereby customers can purchase gold coins and exchange the same at any store for jewellery at the prevailing rate until 30th November 2020, for a full refund of the making charges paid on the coins.

Store re-opening and sales recovery is better in non-metros, on the back of lower impact of the pandemic there. Studied share has been lower, primarily due to better recovery in plain gold jewellery sales, investment led demand and lower sales contribution from the key metro markets which normally have better studied ratio. There has been a steady enrollment and recurring deposits in the GHS scheme and the refunds has been minimal.

The Division launched the Aarambh collection, for both plain & studied jewellery, which inspires customers to embrace the present with grace and strength as they look ahead to a world of new possibilities with optimism. It was launched towards the end of quarter in select markets.

The division has re-opened around 95% of its Tanishq stores till date. However, operations of stores tend to get disrupted as and when local governments enforce lockdowns.

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During the quarter, the division added 6 Tanishq stores and 1 Mia store on net basis, with the retail space addition being ~17K sq. ft. These were basically stores where work was in progress as at the end of March 2020.

Watches & Wearables

Revenue in May and June months were at 5% and marginally over 20% compared to the corresponding months of the previous year. The recovery rate at the retail stores, however, in June was about 45% of stores opened. Sales recovery rate was highest in ecommerce and retail (WOT, Fastrack and Helios) channels and lowest in Large Format Stores.

Fastrack launched the collection, Wanderers, that caters to the nostalgia that we all now share for the travel memories we made in the pre Covid era.

During the quarter, the division added 6 WOT stores & 1 Helios store and closed 1 Fastrack store, on net basis, adding ~4K sq. ft. of retail space.

Eye Wear

Revenue in May and June months were at 15% and 35% compared to the corresponding months of the previous year. Importantly, the recovery rate (percentage of revenue to stores opened) was about a little over 60%. The division closed 15 stores during the quarter, on net basis, ending up with a reduction of about 8K sq. feet of retail space.

Other Businesses

It has been a slow recovery for the 'Ethnic women wear' business with the recovery rate being around 40%, though the rate seemed to be getting better towards the end of the quarter. Taneira launched Florelle collection, an exclusive collection of silk linen sarees inspired by the season of bloom.

Subsidiaries

TEAL

TEAL did very well in the quarter with decent order bookings and recorded a revenue decline of only ~19% in Q1'21. The Company received orders for supplying components from ventilators and medical devices capable of detecting TB & Covid-19. While the order flow has slowed down a bit, there have been no cancellation of orders in hand and many customers particularly in the automation business have been seeking deliveries earlier. The aerospace business is however expected to get hit due to the demand situation as the year progresses.

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CaratLane

CaratLane did relatively well in the quarter with revenue in May and June months at 23% and 85% respectively compared to the same months of the last year.

CaratLane's offline sale was impacted more as many of its stores are located in malls. However, the online channel did exceptionally well once the e-commerce lockdown restrictions shipment of on non-essentials were lifted. At the end of the quarter about 75% out of its stores were open. The brand launched a new feature, CaratLane Live, which enables customers to do video chats with jewellery consultants and get a real time view of jewellery designs.

For Titan Company Limited,

Subramaniam S

Chief Financial Officer



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