



4th April, 2019

Quarterly Update: Q4 FY 19

The Company continued the good growth momentum of the past few years in the financial year ended 31st March 2019 and achieved strong revenue growth for the third consecutive financial year, demonstrating the strength of our strategies and execution capabilities. Growth has now become broad-based across divisions, reflecting our ability to adapt & recraft according to market needs and creating strong value propositions for our customers by raising standards across the value chain – design, manufacturing, supply chain, branding, retailing, sales etc. In FY 19, we launched many enticing products and collections across the categories and brands, hitting several revenue milestones and winning many awards & accolades. The investments in Digital initiatives continued and the year saw the setting up of the Design Excellence Centre and the Corporate Business group to focus on institutional sales. All the initiatives described earlier have helped the Company grow its sales during the year FY 19 by around 21%.

Taking advantage of our business momentum, we will be increasing the pace of our network rollout which will further aid us in dominating our markets. With our eyes set on FY 23 ambition, the Company is further increasing its capabilities, working on synergies amongst the businesses by integrating some more functions across the divisions by creating centers of excellence. Strong momentum driven by underlying strengths developed meticulously over the years and an aggressive network roll out plan, gives us the confidence of targeting around 20% growth in FY 20 despite the muted outlook for the economy.

Jewellery

Q4 Performance was on expected lines and division grew by just over 22% in FY 19. Our business has done well despite the slow growth in the industry on the back of each of the six pillars of the strategy fueling growth, leading to market share gain.

Tanishq received the “RedDot: Best of the Best” award for innovative laser cut tube jewellery. RedDot is the most prestigious and coveted award in the world in the field of Product Design and the "RedDot: Best of the Best" is the highest award in the competition and is awarded for groundbreaking Design Innovation.

Collections like Diamond Treats, Gulnaaz, Utsava and Preen were major hits during the year.

In FY 19, we added record number of new stores, primarily in middle India towns. The division added 40 Tanishq stores and closed 5, for the year, with the net retail space addition being approximately 90,000 sq. ft.

CaratLane continued to aggressively open its retail stores in-line with its omni-channel strategy, to benefit from the brand awareness amongst its customers. This subsidiary had a growth of around 42 % in FY 19.

In order to capitalize CaratLane adequately, the Company has invested Rs 100 crores in the subsidiary by subscribing to 30,48,780 additional shares, thereby increasing its stake from 66.39% to 69.74%.

Titan Company Limited

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Watches

The division had a good year with a revenue growth of around 16%, led by launch of exciting products and refreshing collections across brands – Titan, Fastrack and Sonata, during the year. E-commerce channel has been the biggest growth driver for the division during the year.

The division forayed into the Smart Products category two years back to take advantage of the fast growth of this category. Continuous innovations focusing on the needs of Indian consumers, led to the launch of several products, across brands and price points. Smart Products including wearables grew at a high rate of 80%+, crossing the milestone of sales of INR 100 crores in the financial year, leading the Company to reach the number 2 spot in Indian wearable market. Accessories also crossed the INR 100 crores mark in the fiscal. Helios continued to be the fastest growing offline channel for the division.

Titan launched Raga-Masaba collection inspired by the gold kadas adorned by Goddesses, Purple Valentine as this year's Valentine collection and Gents Neo IV for contemporary styled workwear watches for Men. Fastrack launched 'Denim' collection inspired by Denim as a fashion trend and 'Tees Wicked Lines' inspired by an art form called Wicked Lines. Sonata launched Wedding collection inspired by Filigree, for ladies, Volt+ with bold look for men and 'Chennai Super Kings' special edition watches, as official merchandise partner for CSK cricket team.

The division added 30 WOT stores and closed 24, added 22 Fastrack stores while closing 14 and for Helios added 12 stores while closing 4 stores during the year.

Eye Wear

The division continues to progress well on its vision of serving 10mn customers in a year, by FY 23, with increase in customers from 2.5mn to 3.5mn in FY 19 and has ended the year with a revenue growth of around 23 % in FY 19.

In the beginning of the year, the division targeted to change the perception on the Price-Value equation by increasing the assortment of products at more affordable price points, in-line with our core brand proposition of expertise & styles at great value. All the teams worked in tandem, to deliver exactly on the plan and pivoted the business within a one year timeframe.

The division added another critical capability of manufacturing our own frames and lens, which has been the differentiating factor in all our businesses. This combined with our in-house design strengths will allow us to offer best-in-class products, flexibility to innovate and serve various customer segments.

We have simultaneously commenced the sale of our Frames through the trade channel and our products found ready acceptability amongst our customers, leading to mid-single digit contribution from this channel to our overall sales of the division in its first year itself.

The division has performed exceptionally well on its customer experience, with substantial improvement in Net Promoter Scores for the stores, boosting the same store growth. Titan's setting of the benchmark in customer experience was recognized by the industry, with the division winning several awards for the same including recognitions from KPMG, Nasscom and International Customer Experience Forum, Amsterdam.



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The division added 74 stores during the year and also closed 30 stores ending up with a net increase of about 28,000 sq. feet of retail space.

In both Prescription Eye Wear and Sunglasses segments, multiple new products were launched under Fastrack, Titan and Dash brands for Spring Summer Collection.

New Businesses

Skinn continues to improve on brand awareness and remained the best seller in its category in departmental chain stores, leading to market share gain. Building up on its demand, it has been adding new Point of Sales (POS) at a rapid pace, crossing 3,000 POS milestone. Skinn crossed the 1 million unit sale landmark and the INR 100 crores of sales (at consumer price) during the year.

Our 'special occasion ethnic wear' brand 'Taneira' launched in 2017, has touched a chord with its customers craving for differentiated and genuine products. After two years of experimenting and validating the consumer demand and retail economics, the business is now geared for calibrated expansion in FY'20.

Environmental, Social and Governance (ESG)

Titan's Corporate Office - "Integrity" Campus was awarded with "Five star" provisional rating, with 97.3 % score, by GRIHA council. GRIHA (Green Rating for Integrated Habitat Assessment) is a National rating system for Green buildings in India; it reflects Indian ethos, culture and context, coupled with sensible modern approaches and developments in the domain of built environment.

"Integrity" campus has also achieved Leadership in Energy and Environmental Design (LEED) Platinum certification, awarded by U.S. Green Building Council (USGBC).

Titan Company is 6th in the Country to get both LEED Platinum and GRIHA 5 Star rating.

For Titan Company Limited,

(Subramaniam S)

Chief Financial Officer

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