



SEC 2 / 2017-18

4th April 2017

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 2016-17

This is to provide the quarterly update for Q4 of FY 2016-17 as furnished in the attached document.

Thank you.

Yours truly,
For TITAN COMPANY LIMITED

A R Rajaram
Vice President & Company Secretary

Encl. As stated

Titan Company Limited
(formerly Titan Industries Limited)

No. 132/133 DivyaSree Technopolis Yamalur Main Road Yamalur Post Bengaluru 560 037 India. Tel 91 80 6660 9000 Fax 91 80 6660 8073
Registered Office 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



Quarterly Update: Q4 FY 16-17

FY 16-17 was an exceptional year for the Company on many fronts. The Company struggled for growth in H1 FY 16-17 due to uncertain consumer sentiment and aftermath of the impact of jewellery industry strike (in protest of the excise duty imposition on jewellery) and Rs 200,000/- PAN card limit. The second half of the year, however, exceeded expectations on all counts despite the serious regulatory impact in the form of demonetisation. This year also had some significant landmarks for the Company. The Company ventured into smart watch category, launching 4 smart products (Juxt, Juxt Pro, Sonata Act, Fastrack Activity Tracker Band) to rave reviews, acquired the majority stake in the largest jewellery e-commerce Company CaratLane, launched watches under the much awaited Favre Leuba brand, entered into a JV with Mont Blanc, started the pilot of its ethnic wear brand Taneira and continued its thrust on network expansion as well as fresh collection introduction.

The consumer sentiment as well as demand scenario recovered quite significantly (post demonetization) by the beginning of Q4 FY 16-17 and sales were good for all divisions by varying degrees. Control on costs along with strong growth in top line and gross margins will enable the company to show a very good growth in bottom line for the quarter and consequently for the year as well.

Jewellery

The division had a very good quarter, aided by a very successful studded jewellery activation. The division has achieved a new milestone in terms of sales as well as profits. The division had a favorable base this quarter as, in the last financial year, the studded jewellery activation started in December, imposition of Rs 200,000/- PAN card had caused a temporary stagnation in walk-ins in January and February and sales in March were very poor due to the strike related to imposition of excise. Due to the resounding success of the studded jewellery activation, the gross margin of the division is likely to be good this quarter. GHS enrolments and redemptions are also on track. The retail growth for Tanishq for the quarter was in excess of 40% expected at the beginning of the quarter.

This quarter, the division launched its sub-brand for wedding jewellery, "RIVAABH", which is a combination of Tanishq's tradition of craftsmanship (Riwaaz) and the sacred bond of marriage (Vivaah). Merchandise pertaining to 13 different linguistic communities in India is already

Titan Company Limited
(formerly Titan Industries Limited)

No. 132/133 DivyaSree Technopolis Yamalur Main Road Yamalur Post Bengaluru 560 037 India. Tel 91 80 6660 9000 Fax 91 80 6660 8073
Registered Office 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



available in stores and the Company is spending considerable marketing efforts towards the promotion of this sub brand.

The division has also announced a merger of its existing Gold Plus network into Tanishq and the process will be completed in the next financial year. Most of the 29 Gold Plus stores will be relaunched as Tanishq, post which the Gold Plus brand will cease to exist.

The division added 16 Tanishq stores, increase of approximately 60,000 sq. feet retail space in FY 16-17.

Watches

The watches division also had a good quarter on the back of good sales growth in the domestic watches and spares sales. The trade channel has recovered from the after-effects of demonetization and the retail channels also recorded high single digit growth. The exports and OEM business of the division continues to face significant headwinds taking down the overall growth rate marginally.

The Division introduced a number of collections this quarter under its various brands. Purple Valentine and Globetrotters collection was launched under the Titan umbrella. The division also introduced Edge Ceramic which is a limited edition collection of slimmest ceramic watch and Edge Date which is the slimmest date watch. In addition to various watch collections, Fastrack introduced a reflex activity tracker brand which marks the Company's entry into the fitness band space. Sonata introduced Color Pop and wedding collection and Dirt Bikers collection under the SF brand.

The division added 24 WOTs and 8 Helios stores in FY 16-17

Eye Wear

The division saw a turnaround in sales in the last quarter on account of a revival in sales of the sunglasses business. The prescription eye wear business experienced retail growth in excess of 10%

The division closed 12 Spexx stores in FY 16-17 which also subdued the topline growth of the division to some extent. The division added 59 Titan Eye Plus stores in FY 16-17, adding up to about 35,000 sq feet of retail space.

Titan Company Limited
(formerly Titan Industries Limited)

No. 132/133 DivyaSree Technopolis Yamalur Main Road Yamalur Post Bengaluru 560 037 India. Tel 91 80 6660 9000 Fax 91 80 6660 8073
Registered Office 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



Precision Engineering Division

The division had a good quarter and both Precision Engineering Components and Machine Building business continue to grow well. Court order has been received for the demerger of this business into a separate 100% owned subsidiary and the demerger will be effective March 2017. The division has also moved its manufacturing and assembly facilities to its own premises in Muduganapalli in Hosur.

Outlook

The company witnessed significant traction in the second half of 2016-17 despite the effect of the demonetization. While the GST rates are yet to be announced and a high rate for jewellery might have some effect on our growth, we believe that the formalization of the economy bodes well for all the divisions of the company and with a whole lot of initiatives planned for the coming year, the company is optimistic of top line growth in the high teens in the coming year.

Subramaniam S.
(Chief Financial Officer)
Titan Company Limited

Titan Company Limited
(formerly Titan Industries Limited)

No. 132/133 DivyaSree Technopolis Yamalur Main Road Yamalur Post Bengaluru 560 037 India. Tel 91 80 6660 9000 Fax 91 80 6660 8073
Registered Office 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