



SEC 12 / 2017-18

4th July 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 – Q1 FY 2017-18

This is to provide the quarterly update for Q1 of FY 2017-18 as furnished in the attached document.

Thank you.

Yours truly,
For TITAN COMPANY LIMITED

A R Rajaram
Vice President – Legal & Company Secretary

Encl. As stated

Titan Company Limited
(formerly Titan Industries Limited)

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Registered Office 3 Sipcot Industrial Complex Housur 635 126 TN India Tel 91 4344 664 199 Fax 91 4344 276037. CIN: L74999TZ1984PLC001456
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Quarterly Update: Q1 FY 17-18

Continuing with the recent trends of good growth in the last few quarters, the current fiscal has also started off on a good note and Q1 FY 17-18 has been a good quarter for all retail formats and most product categories of the Company. Growth has been very good in all the businesses particularly in the jewellery business.

The Company believes the upcoming GST era will be beneficial to organized players like us in all product categories and has assured our channel and franchisee partners of compensation towards any losses arising out of changes of rate. Due to this commitment from us, the loss of sales on account of down stocking was negligible. The Company accomplished a successful transition to GST with seamless implementation of software changes across all retail formats and distribution locations as well as back-end integration to be fully compliant with the GST regime.

Jewellery

The year started off for the division with a great Akshay Tritiya (50% growth over previous years AT period) as well as a very successful gold exchange programme in June, 2017. The excise duty related strike had extended into first 15-20 days of Q1 FY 16-17 and hence the base for Q1 FY 17-18 is also more favorable to that extent. The company saw very good retail growth in June, thanks to the exchange programme, resulting in an exceptional growth on top line for the division.

The GST rate for jewellery is pegged at 3% and we believe it should not create any disruption in sales as well as gold exchange.

Tanishq launched the "Mirayah" collection of diamond and color stone studded jewellery and made additions to the Rivaah wedding collection as well as range refreshers in plain and studded jewellery in Q1 FY 17-18.

The conversion of Gold Plus stores into Tanishq is underway. The division has closed 9 Gold Plus stores till date and all of them have been reopened as Tanishq stores.

The division added 2 new Tanishq stores, a net increase of approximately 10,500 sq. feet retail space in FY 17-18.

Watches

All retail formats of the division recorded a healthy revenue growth but the topline of the division is likely to remain flat due to rescheduling of the Titan and Fastrack activations. This year both activations have been postponed due to uncertainties on GST rates and its impact on the business. There was no impact on trade sales of watches on account of GST introduction. While the GST rate of 28% will increase the effective tax incidence on watches division, we do not expect prices to go up because of input tax credits available now. At 28%, India has one of the highest tax rates for watches in the world, consequently increasing the risk of smuggling of

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watches into the country. We expect clarity on refunds of GST in tax free designated areas very soon.

Titan launched Squadron by Octane collection of limited edition watches inspired by fighter jets. Additionally, first automatic Xyllys with high precision time keeping and high power reserve was also launched in Q1 FY 17-18. Fastrack launched a Holiday/Traveler collection of watches. The Fastrack Reflex Activity Tracker has been hugely popular and has become the single largest selling Fastrack variant.

The division added 8 WOTs, 5 Fastrack and 4 Helios stores adding upto 6,500 sq feet in FY 17-18.

Eye Wear

Titan Eye Plus retail format continues to show healthy like to like growth in Q1 FY 17-18. This is a culmination of various initiatives around merchandising refresh, instore activities/promotions, contemporary products and fully operational satellite lens labs. The division also had an activation in Q1 FY 17-18 which was run for approximately half the duration as compared to the base quarter. We do not foresee any increase in prices of spectacles as the GST rate adjusted for input tax credits are comparable to erstwhile rates.

The sunglasses business saw a significant slowdown, pulling down the overall performance of the eye wear division. The slowdown was largely on account of down stocking due to high GST rate (28%) on the sunglasses category and this would possibly lead to price increase in the near future.

The division added 11 Titan Eye Plus stores in FY 17-18, adding up to about 8,000 sq feet of retail space.

Subramaniam S.
(Chief Financial Officer)
Titan Company Limited

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