



SEC 24 / 2016-17

2nd January 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 – Q3 FY 2016-17

This is to provide the quarterly update for Q3 of FY 2016-17 as furnished in the attached document.

Thank you.

Yours truly,
For TITAN COMPANY LIMITED

A.R. Rajaram
Head – Legal & Company Secretary

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
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Quarterly Update: Q3 FY 16-17

Q3 FY 16-17 was a mixed bag for the Company. The quarter started off on a high of the festive season and long awaited resurgence of the consumer sentiment. The Company had one of its best festive seasons in the last few years with both Tanishq and Watches performing well above expectations.

Post the announcement of demonetization on 8th November, 2016, all consumer facing businesses of the Company witnessed a drastic slow down for a few days after which recovery was clearly visible in modern retail and dedicated retail channels. While the sale in these channels has recovered to pre-demonetisation levels, the sale in the trade channel in Watches (the multi brand outlets) has taken a hit and is yet to recover as most transactions in these outlets have been on cash basis. The Company is in the process of introducing multiple modes of electronic payment in all its stores, including UPI, E-wallets etc in order to provide customers with a plethora of payment options. The Company will continue the thrust on all its growth levers and introduce well designed products and collections to attract customers. We also plan to continue with store expansions and investment plans in order to capitalize on the opportunities for growth and expansion.

Jewellery

The division had a great festival season with Tanishq recording a like to like sales growth of 40% over the 30 days festival period, on the back of new collection launches, well timed consumer schemes and a more attractive exchange program.

On 8th November 2016, post the announcement of demonetization by the PM, many Tanishq stores experienced a huge rush of buyers and sales for the day were abnormally high. The Company had directed all store staff to adhere to all applicable regulations and ensured all stores closed sales at midnight.

Post the 8th November, 2016 there was a brief period of lull post which Tanishq's average daily sales were close to the average daily sales pre-demonetization. This trend was visible till the end of December and is possibly due to a strong wedding season and closure of a number of smaller jewelers across the country. Almost all our sales now are either from the GHS scheme, (advances paid by customers for custom made jewellery before the demonetization) or from electronic modes of payment. GHS enrolments and redemptions are also on track and the Company is providing multiple payment options to its GHS customers for payment of instalments.

This quarter the Division's revenues has grown reasonably despite the base effect due to the studded jewellery activation having started in Q3 in last financial year and the impact of demonetisation. The retail growth for Tanishq in Q3 FY 17 is around 15%.

In Q3 FY 16-17, Tanishq launched the Shubham collection of heritage gold jewellery which has seen very good traction till date. Tanishq also introduced a differentiated wedding line and color stones Nakashi collection this quarter, in addition to a considerable refresh of the core line. Gold

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Plus introduced a new Wedding collection, Apsara collection of open polki and Akriti collection of Diamantine jewellery.

The division added 4 Tanishq stores totaling 12,000 sq. feet retail space in Q3 FY 16-17.

Watches

Watches division also had a good festival season with the domestic business growing well on a like to like basis. Post demonetization, while the sale of the WOT and Fastrack channels have recovered after a brief period of lull, ending with a high single digit retail growth for the quarter, the trade channel is expected to take another 2-3 more months to recover. The trade channel contributes to around 50% of the sales of the Division.

The Titan consumer discount has started in mid December, 2016 and will continue into January, 2017.

The Division launched a watch to aid women's safety "Sonata Act watch". The watch tethers with smart phones and has a special button next to the digit 8 which when pressed, a message along with the location of the user is sent out to 5 pre-programmed recipients. This is an exciting addition to our smart portfolio and the division would continue to add similar watches with added functionality at exciting price points.

The Division introduced a number of collections this year under its various brands. Regalia Rome, Bandhan Collection of modern pair watches and Neo collection for ladies was launched under the Titan umbrella. The division also launched gents automatic watches under the Nebula brand and women's work wear and multifunction watched under the Xylys brand. A light weight collection of watches and Punny ones and Star Wars collections of tee watches were launched under the Fastrack brand. In addition to the safety watch, Sonata introduced Glamor gold watches for men and women and Nxt steel watches for men.

The division added 7 WOTs, 3 Helios and 1 Fastrack stores in Q3 FY 16-17

Eye Wear

Industry growth continues to remain a concern for the Division. While the prescription eye wear business is doing well, mostly on account of geographical expansion, the division is struggling to maintain its share in the Sunglasses business which is pulling down the overall growth.

In addition to the headwind of low industry growth, the division is also undertaking closure of its Spexx format stores which is eroding the revenue growth to some extent. The division has closed 11 Spexx stores YTD December 2016.

Despite the challenges around current industry growth, we believe this industry will grow strongly at some point and the division is gearing for that by aggressive geographical expansion and planned foray in the e-commerce space.

The division added 21 Titan Eye Plus stores in the third quarter, adding up to about 9000 sq feet of retail space.

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Precision Engineering Division

The division had a good quarter and both Precision Engineering Components and Machine Building business continue to grow well. Approvals have been received for the demerger of this business into a separate 100% owned subsidiary and the final order is awaited from the court. The demerger will be effective after the filing of the approval with the Registrar of Companies.

Subramaniam S.
(Chief Financial Officer)
Titan Company Limited

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