



Quarterly Update: Q3 FY 15-16

The commentary for this quarter can be broadly summarized around a few important themes: festive season, Tamil Nadu flood situation and Rs 200,000 PAN card threshold.

The festive season had a mixed response from consumer for our different categories. While jewellery sales were buoyant for the season, watches and eye wear category did not see the expected traction. The festive season was a wash out in Tamil Nadu and was generally below expectation in rest of the southern states due to the weather conditions.

In a press release dated 15th December, 2015, the Ministry of Finance has amended the limit for quoting PAN card for purchase of jewellery from Rs 500,000 to Rs 200,000 per transaction. This is effective from 1st January, 2016 and is applicable to all transactions in goods and services, exceeding Rs 200,000. This may potentially have some impact on the cash sales of individual products ranging from Rs 200,000-Rs 500,000 which amount to less than 10% of the revenue of the division in the recent past. The company is already compliant regarding PAN card requirement for jewellery purchases above Rs 500,000 so this will not get affected by the amendment.

Jewellery Division:

The division saw good traction during the festival season and same store growth was healthy. The launch of plain gold heritage collection Divyam, which is one of the highest selling collections in the history of the Division, and studded collection Zuhur, which offers brilliance and sparkle at an affordable price, met with roaring success, adding to the sheen of the festive season. While the festive season was buoyant in the rest of the country, it was below par in Chennai, Bangalore and upcountry Tamil Nadu, due to rains.

The momentum of GHS enrolments continues and the Company should hit its net-worth limit some time before the end of the next quarter. Redemptions under the new GHS scheme have started since the end of November. The division has advanced its studded jewellery activation to 24th December, 2015 and will continue into the next quarter. The division has launched a diamond and yellow gold jewellery collection based on unique floral designs in December, called Mehek, which is expected to do well during the studded activation

The division added 7 Tanishq stores to its network (approx. 30,000 sq feet), during the quarter, taking the total number of Tanishq stores to 187 and space to (approx.7.75 lakh Sq feet)

Watches Division:

The quarter saw some exciting collection launches by all brands. Titan launched the Raga Moonlight collection of occasion ware watches, Regalia Regal Crest and Titan Neo collection of steel watches for men. Sonata launched Glamors festive collection, Black collection and Astra watches. SF launched Ocean Stormer and the pedometer watch. Fastrack launched the Warpaint, Spiked and Urgent Clementine collection.

The consumer optimism of jewellery division did not translate to watches category where the growth was muted despite the festive season. All retail formats experienced flattish same store growth except Helios

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



stores which performed well during the quarter. The volumes for Titan declined over the festive season but sales value remained flat, volumes as well as value for Sonata were flat while Fastrack volumes and volume saw a moderate growth.

The division started a graded activation on Titan and licensed brands on 24th December, 2016 which will continue to the next quarter. The division is expecting a revival of the category with the launch of technology enabled watches in Q4 FY16.

A total of 11 World of Titan and 4 Fastrack stores were added in Q3 taking their total to 446 and 151 respectively and increasing the square foot space by about 6.5 k sq ft.

Eye Wear Division

Q3 was a challenging quarter for the division as the sales in October and November were quite subdued. This was further intensified by the floods in Chennai and upcountry TN which are a significant contributor to the revenues of the division. Signs of recovery were visible in the month of December. During the quarter the division added 6 new Titan Eyeplus stores but closed 5 Spex stores, taking the total of eye plus stores to 398.

During the quarter the division launched a frame collection called Color Pop which has an interplay of 2 or more colors onto a frame and has been well received by the consumers.

Precision Engineering Division

While PECSA business is showing a decent growth, growth in the MBA business has been difficult to come by due to the economic slowdown.

Ecommerce

The sale of watches on the Company's website as well as other market place e-commerce sites has shown a healthy growth. The sale of watches and jewellery through the company's website, though still small, has grown manifold as compared to the previous year.

FII limit

The Company's effort at increasing the **FII limit** has met with success with the RBI approving the increase in limit to 35%.

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