

Titan Company Limited

Delivering value by creating brands

August, 2016



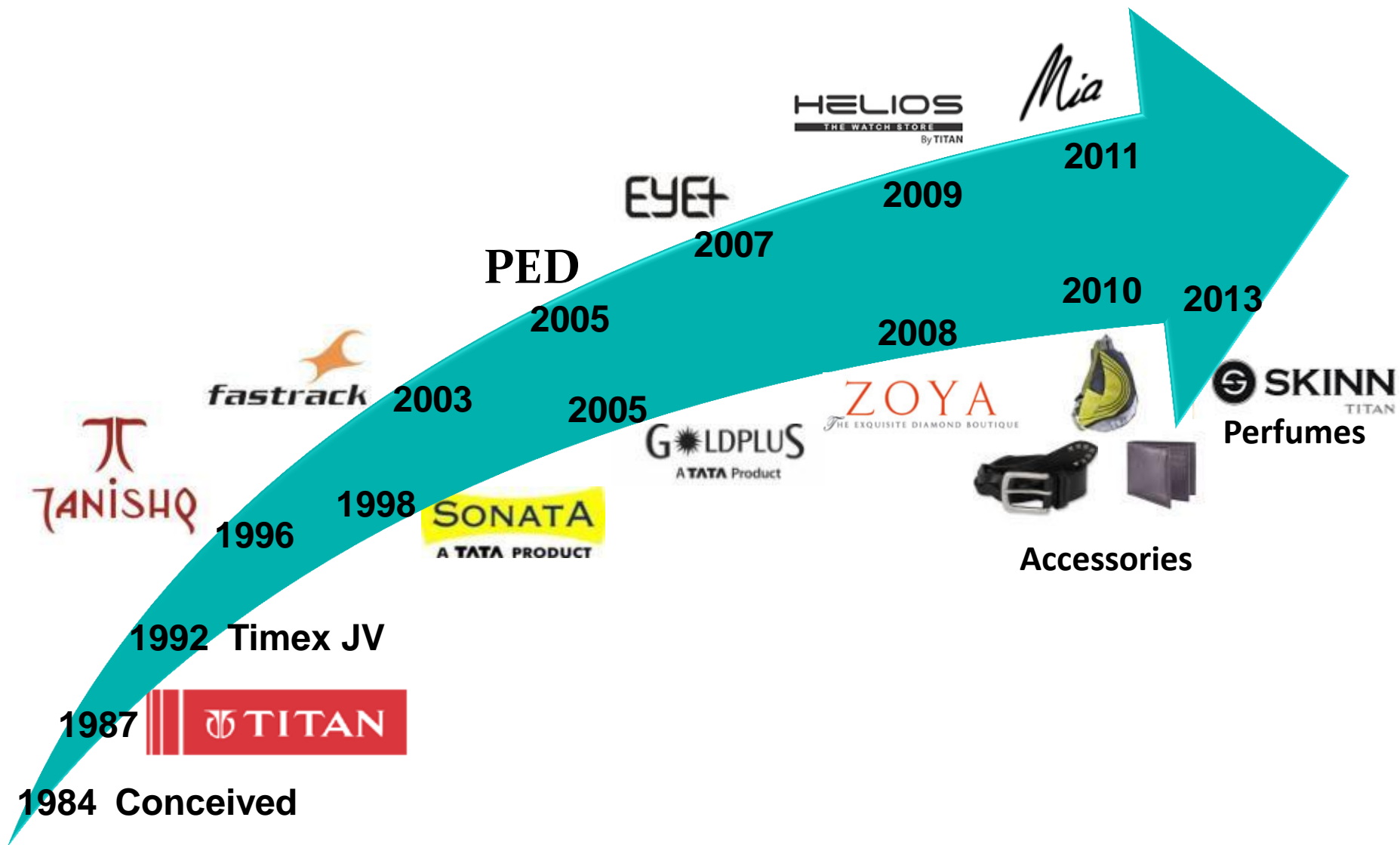
Disclaimer



Certain statements are included in this release which contain words or phrases such as “will,” “aim,” “will likely result,” “believe,” “expect,” “will continue,” “anticipate,” “estimate,” “intend,” “plan,” “contemplate,” “seek to,” “future,” “objective,” “goal,” “project,” “should,” “will pursue” and similar expressions or variations of these expressions that are “forward-looking statements.” Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with our expectations with respect to, but not limited to, our ability to implement our strategy successfully, the market acceptance of and demand for our products, our growth and expansion, the adequacy of our allowance for credit to franchisees, dealers and distributors, technological changes, volatility in income, cash flow projections and our exposure to market and operational risks. By their nature, certain of the market risk disclosures are only estimates and could be materially different from what may actually occur in the future. As a result, actual future gains, losses or impact on net income could materially differ from those that have been estimated.

In addition, other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this document include, but are not limited to: general economic and political conditions in India and the other countries which have an impact on our business activities; inflation, unanticipated turbulence in interest rates, foreign exchange rates, the prices of raw material including gold and diamonds, or other rates or prices; changes in Indian and foreign laws and regulations, including tax and accounting regulations; and changes in competition and the pricing environment in India. The Company may, from time to time make additional written and oral forward-looking statements, including statements contained in the Company’s filings with SEBI and the Stock Exchanges and our reports to shareholders. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company, to reflect events or circumstances after the date thereof.

The Journey



Titan Today



Strengths Across the Value Chain



800+ New time products every year
reddot Award to 2 Edge watches
Differentiated Jewellery Collections
Customized lenses with 3D visual mapping

Sonata: India's largest selling watch brand
Fastrack: India's largest youth brand
Tanishq: India's leading Jewellery brand
Raga: Exclusive women's watch brand

Design & Development



Brand Building



Manufacturing



Retail & Customer Service

12 Manufacturing and assembly facilities
State of the art Karigar Centres for Jewellery
Components exported to Swiss watch makers
3600+ employees engaged in factories

Exceptional Customer Experience
Merchandising Effectiveness
Impactful Retail Identities
Engagement of store staff
Extensive After Sales Service network



Our Brands



Luxury

ZOYA

Premium

NEBULA
xvlys
Swiss made

TANISHQ

Mid Market

TITAN

TITAN

ZOOP
fastrack

Mia

fastrack

Mass Market

SONATA
A TATA PRODUCT

GOLDPLUS
A TATA Product

EYE+

India's largest specialty retailer



Luxury

ZOYA 2

Premium

HELIOS THE WATCH STORE By TITAN 41

TANISHQ 197

Mid Market

WORLD of TITAN THE EXCLUSIVE TITAN KNOWLEDGE 458

TITAN EYE+ 405

Watch Care Centres 707

fastrack 160

Regnl Offering

GOLDPLUS A TATA Product 30

1,293 Exclusive stores

251 Towns

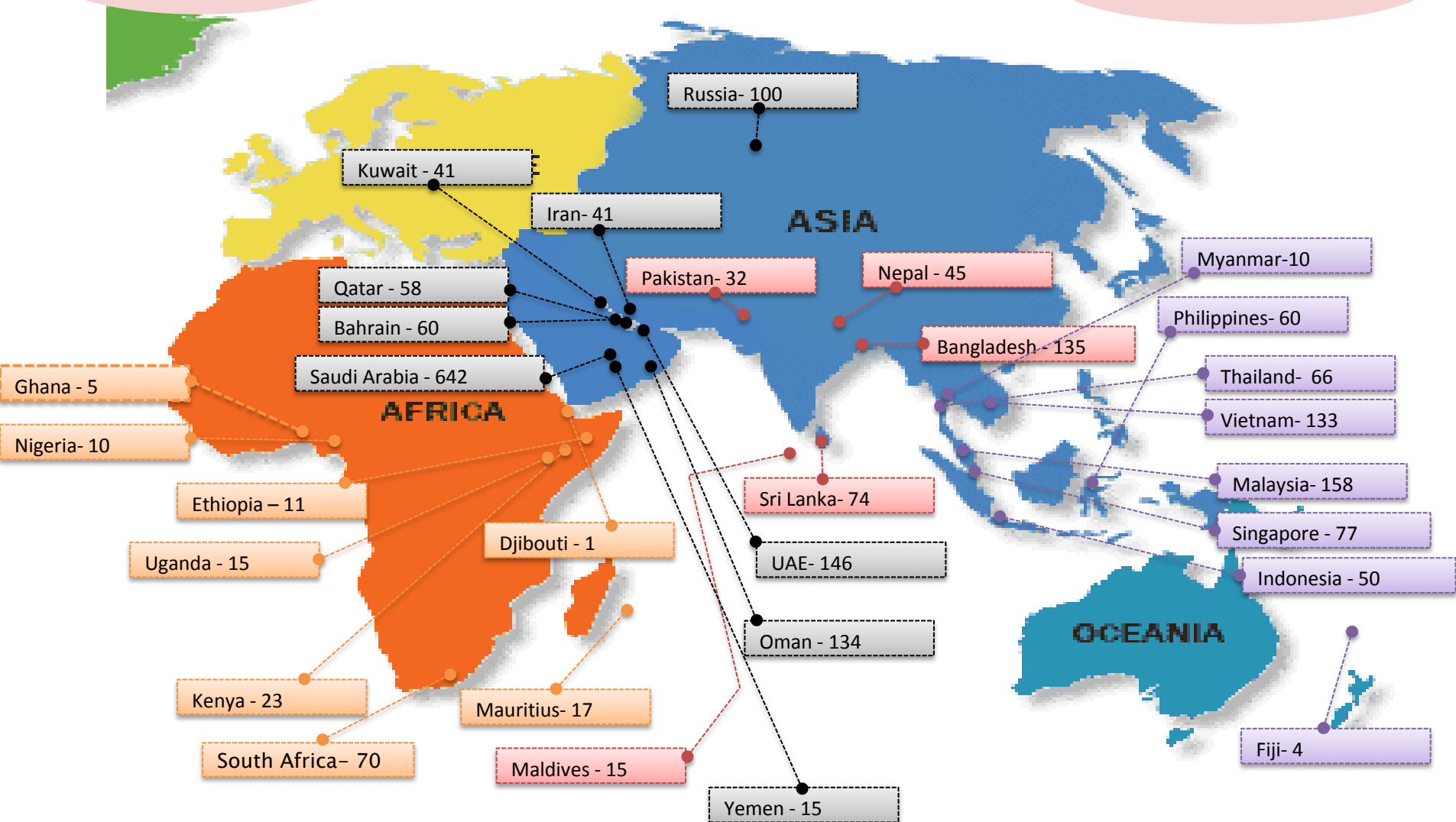
Over 1.74 million sft of retail space



International presence

32 Countries

2,264 Outlets



Watch Division



Raga: Inspired by the modern woman who transcends roles with poise and elan



Sonata Super Fibre: For the young and active



Fastrack: For those who wear their attitude on their wrist



Edge : the slimmest watch in the universe - a mere 3.5mm



Titan Juxt: Smart is now Stunning



Nebula: A collection of watches crafted from solid gold



Titan Automatic inseparable from world-class timekeeping



Zoop: for the imaginative, talented and energetic child of today



Xylys: Swiss made watches, Crafted for Connoisseurs





FOLIAGE

BY

TITAN
RAGA

BUY NOW



Octane
TITAN

FEEL THE SPEED

BUY NOW

Watch Division



Five major brands

TITAN SONATA *fastrack* xy|ys NEBULA

Licensed Brands

TOMMY HILFINGER fcuk™ **Timberland** POLICE

Points of Sales



- Multi-brand dealers and stores
- Large-format stores like Shoppers' Stop, Lifestyle etc
- Ecommerce : www.titan.co.in and other websites

Large network of exclusive service centers

Sophisticated Design & Development Center

- Core strength in Industrial, Retail and Graphic design
- Numerous international award-winning designs

Watch Division



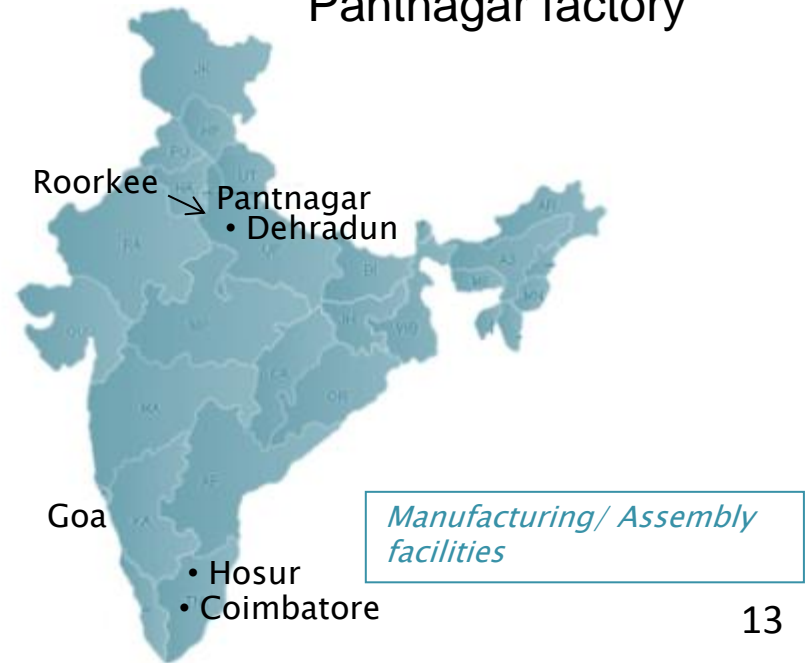
Watch factory, Hosur



Pantnagar factory



Watch Assembly



Watch Distribution



- 458 showrooms (Net 6 additions YTD)
- 206 towns – 426k sft



- 160 stores / kiosks (Net 1 additions YTD)
- 83 towns – 95k sft



- 41 stores
- 22 towns – 45k sft

Service Centres

- 707 outlets
- 270 towns

**Retail
All India**

- 11,000 dealers
- 2,500 towns

International

- 2,264 outlets
- 32 countries



TITAN
COMPANY

Jewellery

Mia
by
TANISHQ



Mia: Jewellery for Modern Working Woman

Open File

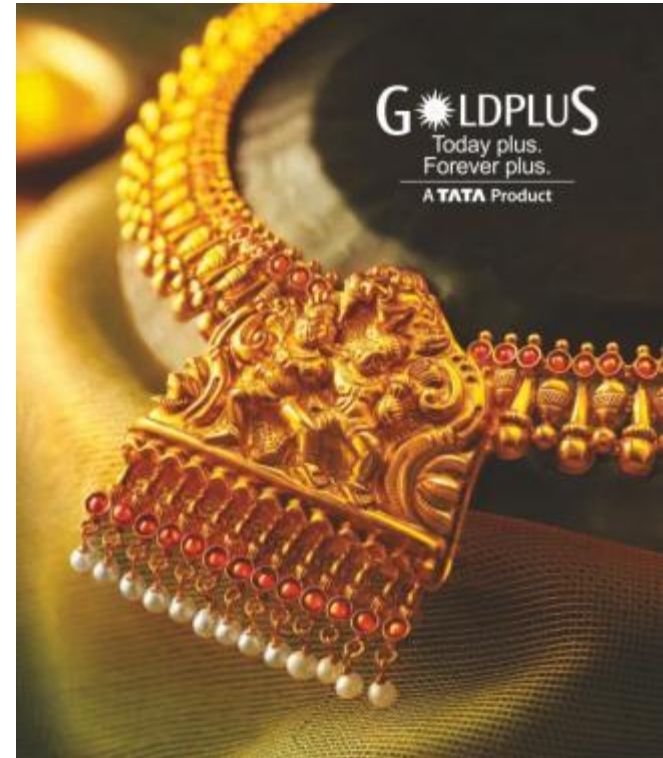


ZOYA
THE EXQUISITE DIAMOND BOUTIQUE
PRESENTS
Lace

Zoya draws inspiration from this exquisite fabric to bring out a collection of superbly designed, finely crafted masterpieces.

Tanishq Wedding Collection pays eloquent tribute to the Indian bride. From the magnificent polki and kundan work favored by brides of the North to the vankis and the unique hair ornaments of a South India bride.

TANISHQ
A TATA PRODUCT



GOLDPLUS
Today plus.
Forever plus.
A TATA Product

Goldplus provides wide range of jewellery at affordable prices. It offers the best value on exchange for gold jewellery, 100% buyback, net weight of gold and stones are weighed separately.



TITAN
COMPANY

π
TANISHQ
PRESENTS
niloufer

Jewellery

Largest Jewellery Retailer in India

3 Major brands – Tanishq, Gold Plus, Zoya and sub-brand Mia



ZOYA

Mia

Customer First and Lean initiatives in manufacturing and retailing

Studded jewellery mostly manufactured in-house - plain gold outsourced

4 State of the art Karigar Centers in Hosur- Industry Best Practice

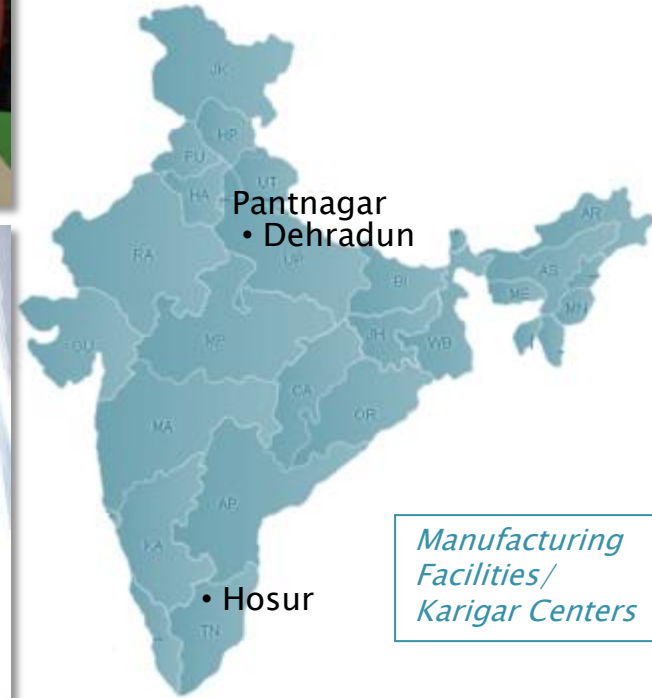
- Re-defining Hand made jewellery manufacturing, by transforming work place and stay to make the karigars live in a “home away from home”
- Retain the best of the artisans in the Jewellery Industry
- Improved Karigar productivity and multiskilling capability, thus ensuring inclusive growth



TITAN
COMPANY

Jewellery

Karigar Center, Hosur



Jewellery Distribution



TANISHQ

- 199 stores including 2 Zoya stores (5 added YTD FY 17)
- 830k sft (~17k sft added YTD FY 17)
- 114 towns



GOLDPLUS
from TATA

- 30 stores
- 74k sft
- 30 towns

Eye Wear



Frames

In-house Brands



Sunglasses

In-house Brands



Lens Labs



Eyewear



India's largest optical retail chain

- 405 retail outlets, 172 towns

Products include frames, lenses, sunglasses, contact lenses, ready readers and accessories

Creating differentiation in the mind of the consumer

- Zero-error testing
- Differentiated and stylish frames & sunglasses backed by high-tech lenses
- Browse, touch and feel display

Innovation in creating access

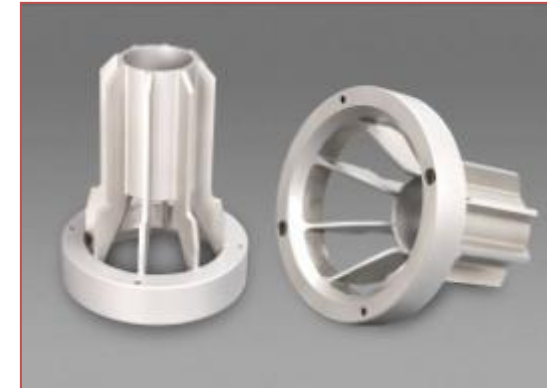
- Vision check online
- Remote eye testing at stores
- New Spexx stores in hospitals

Tie-up with Sankar Nethralaya for training of store staff and optometrists

State of the art Lens manufacturing facility at Chikkaballapur

Precision Engineering

Precision Engineering Components and Sub Assemblies (PECSA)



Machine Building & Automation (MBA)



Precision Engineering



B2B business – spun out of Watches manufacturing in 2005

Leverages in-house engineering capabilities

PECSA (Precision Engineering Components and Sub-assemblies)

- Provides components and sub-assemblies to Aerospace, Automotive, Oil & Gas, Electrical and Medical Equipments industries

MBA (Machine Building and Automation)

- Provides assembly and testing lines catering to Automotive, Electrical & Electronics, Solar and Medical Equipments industries

Sixty clients across the world

- Including UTAS, Thales, HAL, Textron, Pratt & Whitney, ABB, Schneider, Bosch, Magna, Inteva, Continental

Q1 Performance

Q1 Background

- Q1 FY 17 was a decent quarter from bottom line perspective but desired top line growth still eludes. The overall demand situation saw improvement only in patches.
- The quarter had auspicious dates like Akshaya Tritiya and reasonable number of wedding dates, along with activations by watches and eye wear divisions
- Official imports of gold into the country were down 56% in the first quarter of this fiscal despite the virtual washout in March indicating a significant drop in demand and corroborates what we hear from the markets – a 30-35% decline in jewellery sales in the last quarter
- As a part of its cost optimization journey, the Company had announced a VRS scheme for employees fulfilling certain criteria. The scheme has concluded with 240 employees opting and the financial impact of the same was Rs 97 cr. While the amount will be paid in two instalments (50% this year and the balance next), the entire amount has been booked as an Extraordinary item this quarter.
- The Company continues its network expansion journey with addition of 11 stores spanning over 17k sq feet, across different formats in the Q1 FY16-17
- The financials for the year have been presented under Ind AS. Impact on Revenues and Profits have been very minimal with the change in standards.

Q1 Background

Jewellery

- The division recorded a single digit growth as the favourable base on GHS was offset by the decline in the jewellery industry revenues (estimated at around 30%) and the beginning of studded activation in June last year as against July this year
- The gold jewellery exchange scheme in May/June worked very well for the Division
- Mia by Tanishq is now available on fashion market place Myntra
- Tanishq introduced a lotus themed collection “Niloufer” which is doing well
- The Company did not purchase any gold on spot in Q1 FY 17, as gold under exchange scheme contributed to over 50% of the gold procured
- In Q1, Gold rate increased by 10% in Rupee terms over last year
- Major regulatory positive - GHS limit raised to 35% from 25%

Acquisition of Majority Stake in CaratLane

- After the satisfactory completion of the accounting and legal due diligence of CaratLane Trading Private Limited (CTPL), the Company has paid Rs 357cr to acquire around 62% stake in CTPL

Q1 Background

Watches

- The domestic watch business did very well with 11% revenue growth over previous year
- Retail growth in Helios and Large format stores was good
- Due to the Titan Activation and reintroduction of variants between Rs 1500 to Rs 2500, Titan brand grew 25% in volume terms and 24% in value terms
- The low single digit revenue growth for the division was due to lack lustre sales in exports (Middle East affected badly by oil prices) and OEM business and decline in service revenue due to reorganization of that business

Eyewear

- The division recorded poor sales growth despite activation due to low same store growth and loss of some large institutional and CSD orders for Fastrack Sunglasses

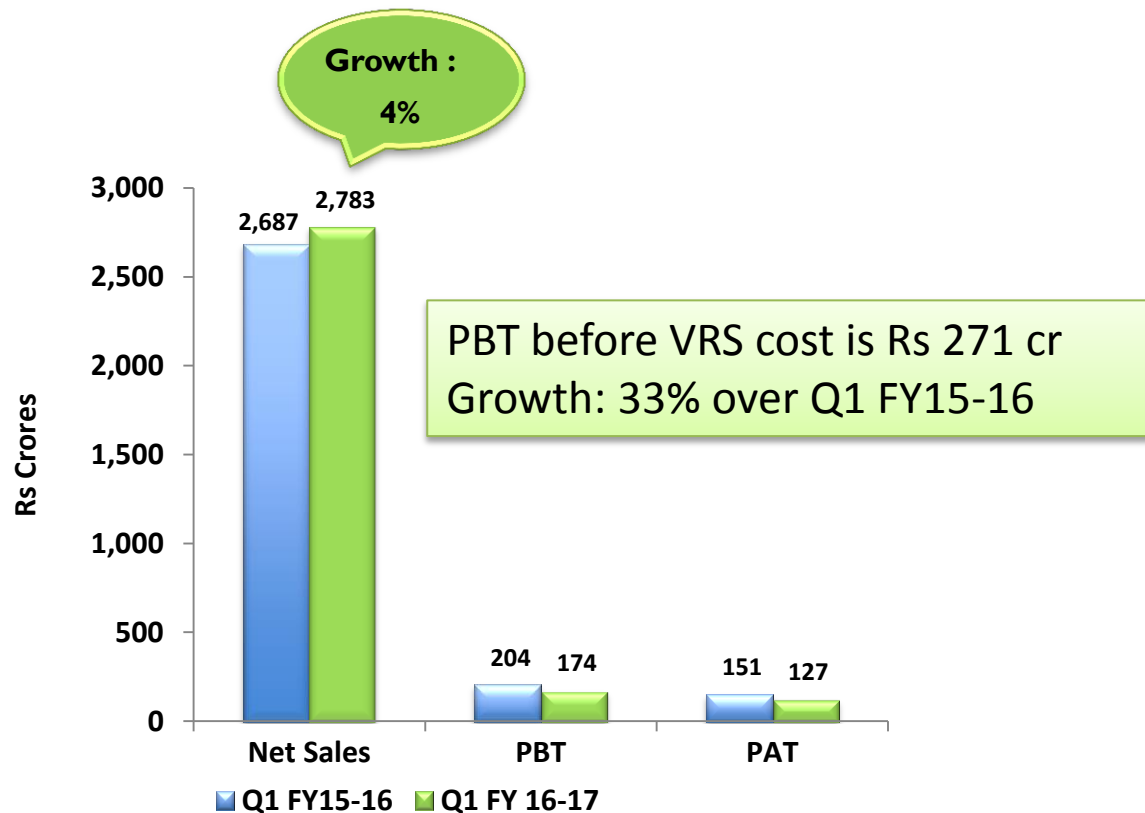
Precision Engineering

- The division had an excellent quarter as some of the loss of revenues of previous quarters due to poor offtake by customers got corrected
- MBA grew by 86% and PECSA by 22%

Q1 - Retail growth

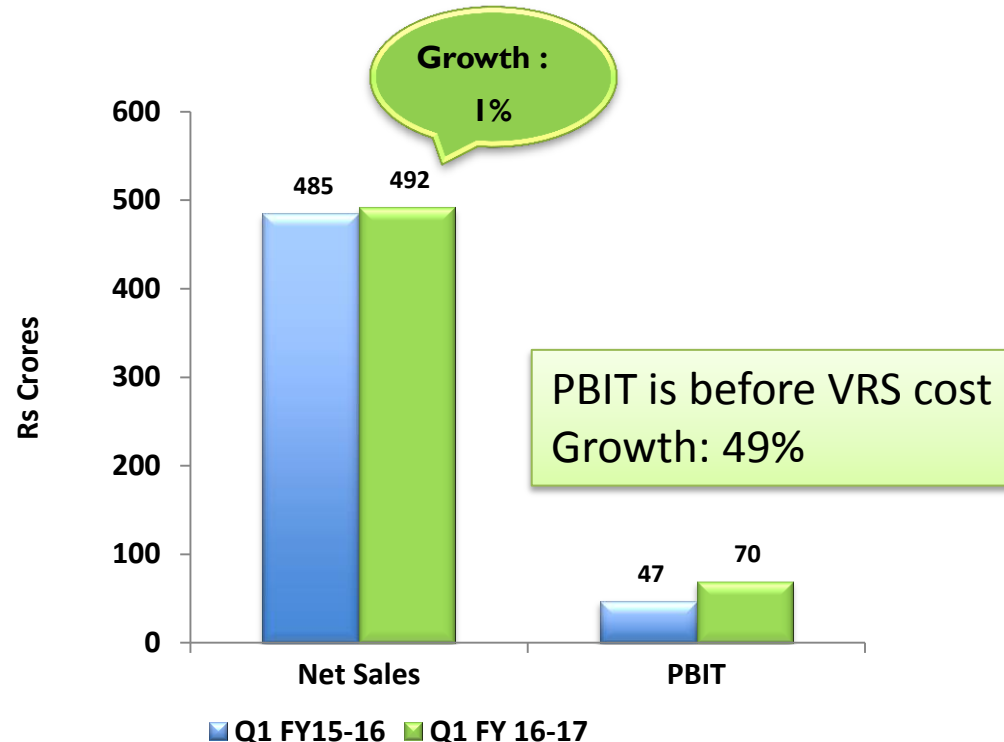
	<u>Sales value growth</u>	<u>Like to like growth</u>
World of Titan	11%	6%
Tanishq	9%	3%
Goldplus	-5%	-1%
Helios	7%	13%
Fastrack	4%	-1%
LFS	15%	16%
Titan Eye+	9%	-2%

Company performance



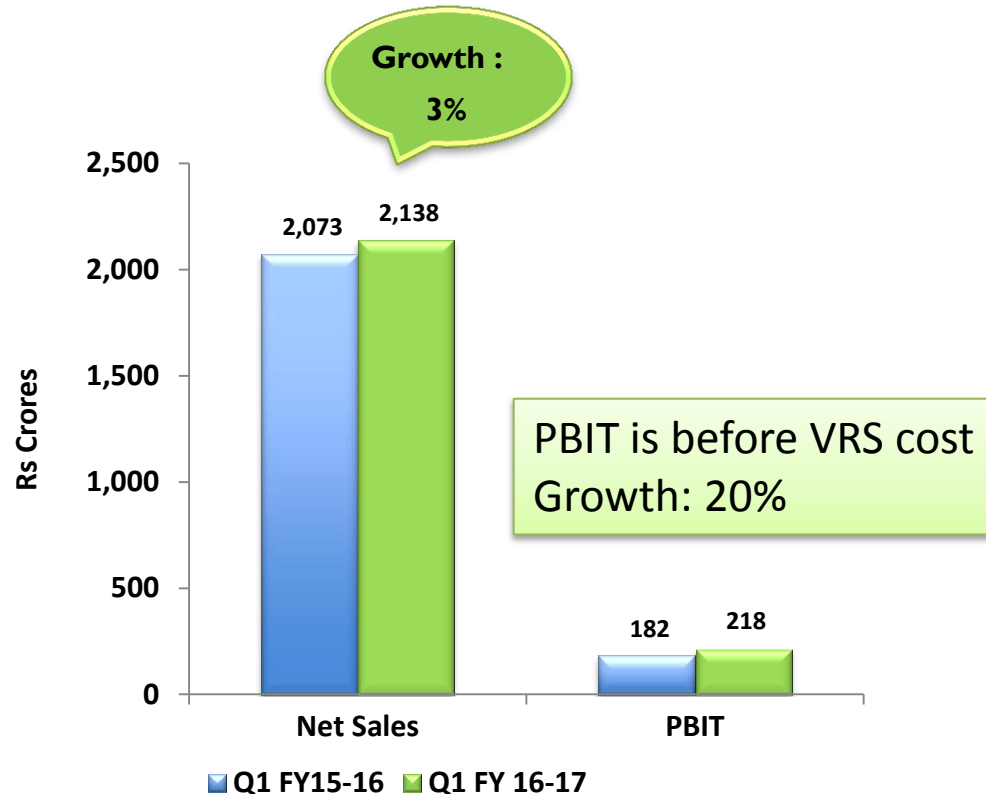
- The low topline growth reflects the low single digit growth in the jewellery business
- The growth in PBT is due to better gross margin across all divisions coupled with lower overheads (spend on business associate meets last year were Rs 24 cr)
- The one time financial impact of the VRS scheme was Rs 97cr for the Company

Watches



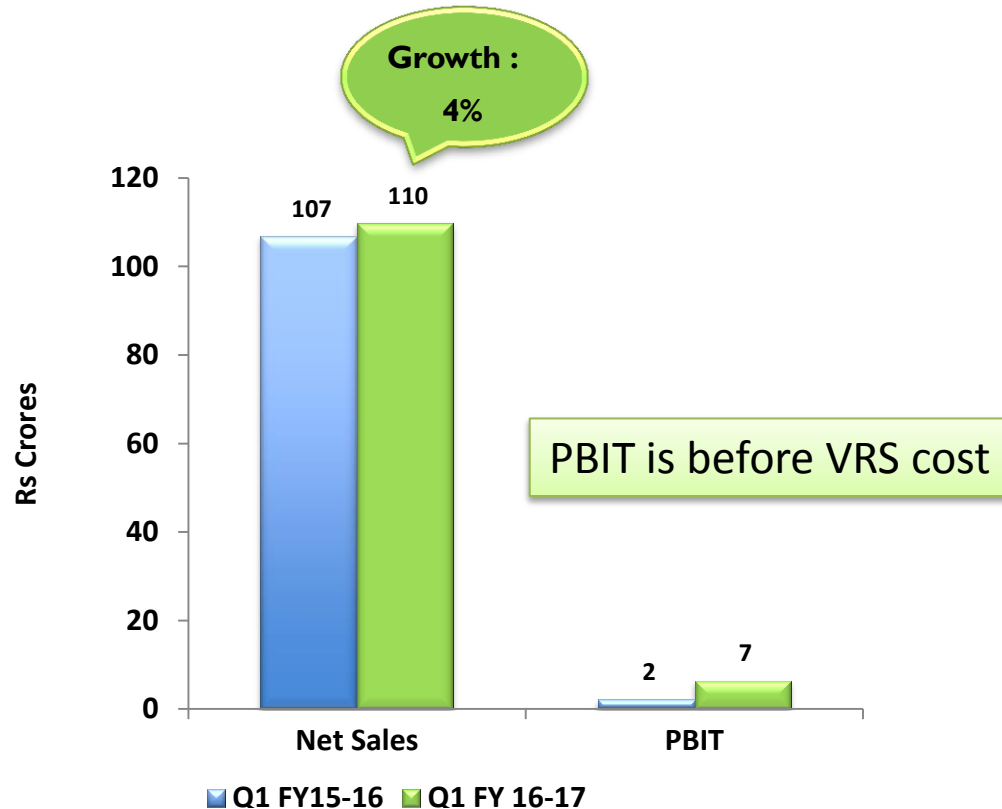
- Low revenue growth despite 11% domestic sales growth due to weaker exports, OEM component sales and loss of revenue due to customer service business reorganization
- Substantial savings in sales overheads and advertising over the previous year
- The VRS cost for watches division was Rs 61cr, depressing the PBIT to Rs 9 cr

Jewellery



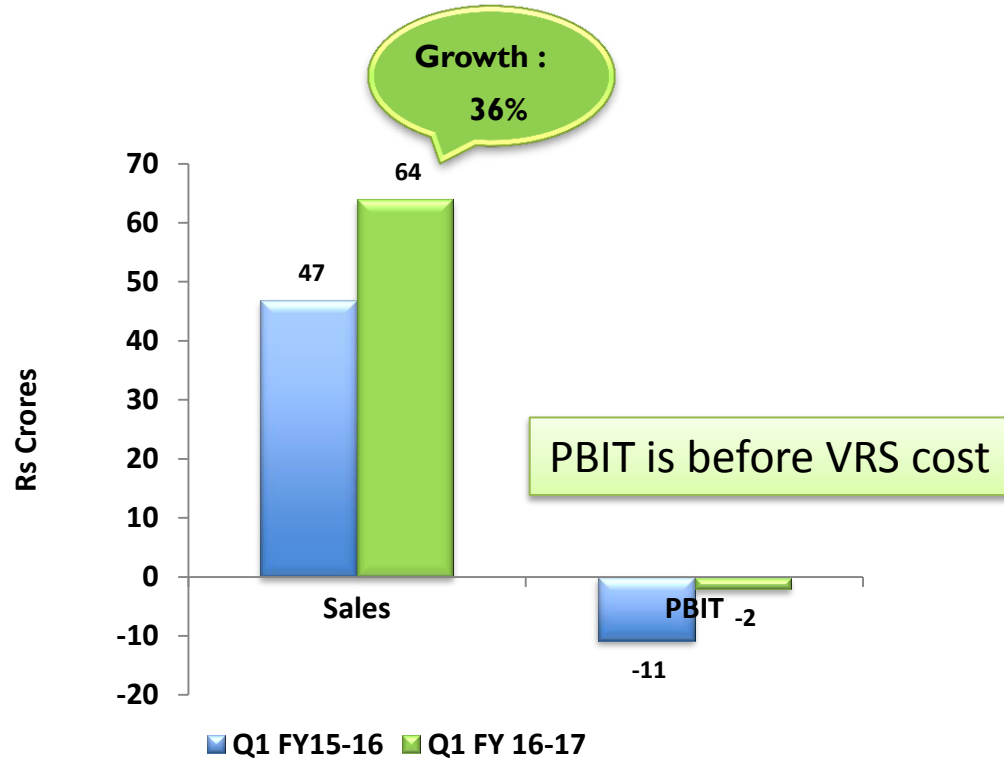
- Gross margin improved due to roll over of hedging positions from PY (Rs 24 cr gain)
- Grammage grew by 6% over Q1 FY 16
- The studded ratio was substantially lower at 24% (29% PY) due to advancement of studded jewellery activation to June last year
- Average gold rate on Q1 FY 17 was 10% higher than Q1 FY 16
- The VRS cost for jewellery division was Rs 14 cr, depressing the PBIT to Rs 204 cr

Eyewear



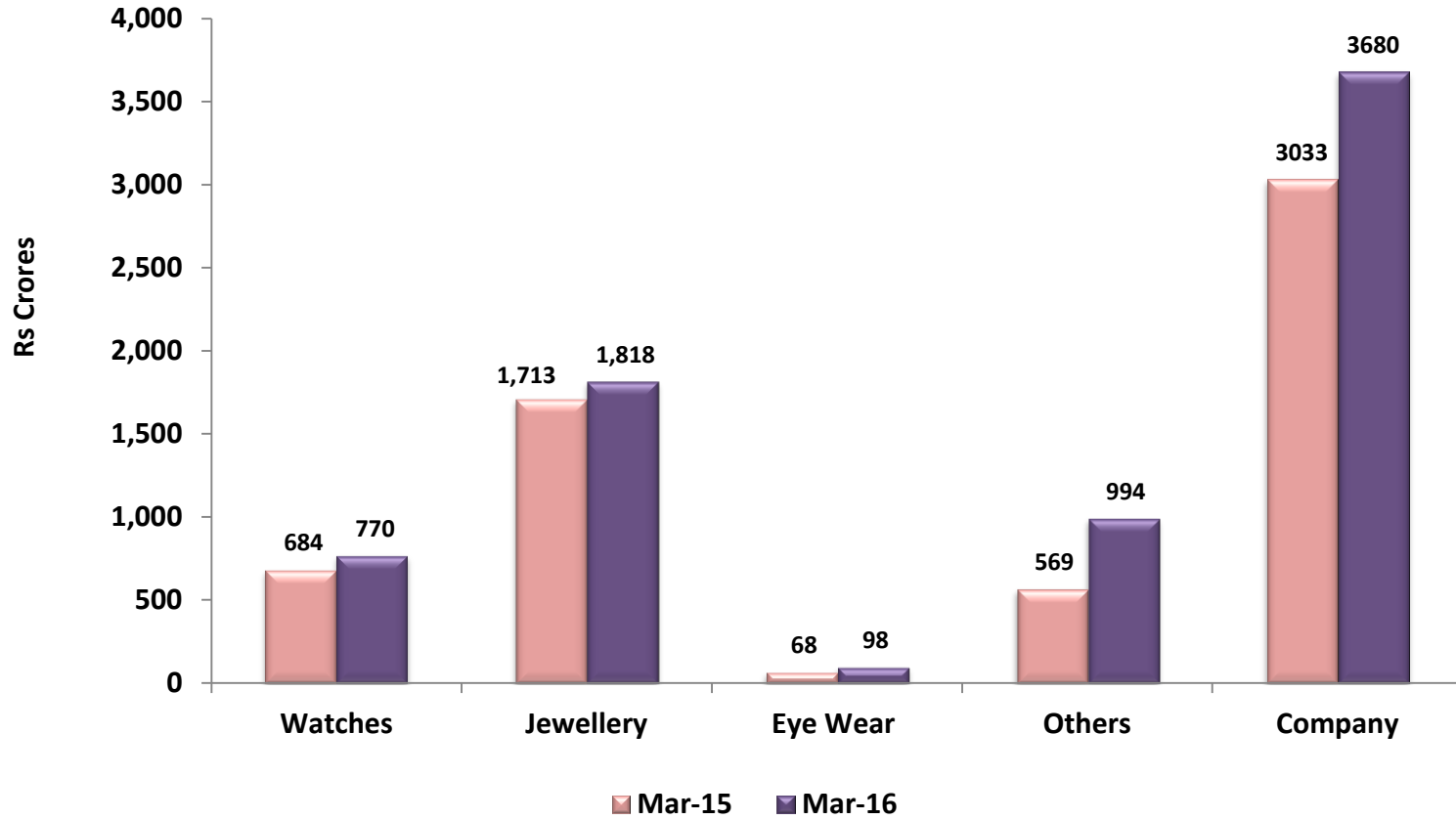
- The Revenue growth for the division was muted due to the lower growth in the sunglasses business
- The division had savings in the Sales overheads
- The VRS cost for Eyewear division was Rs 4 cr, depressing the PBIT to Rs 3 cr

Others Segment



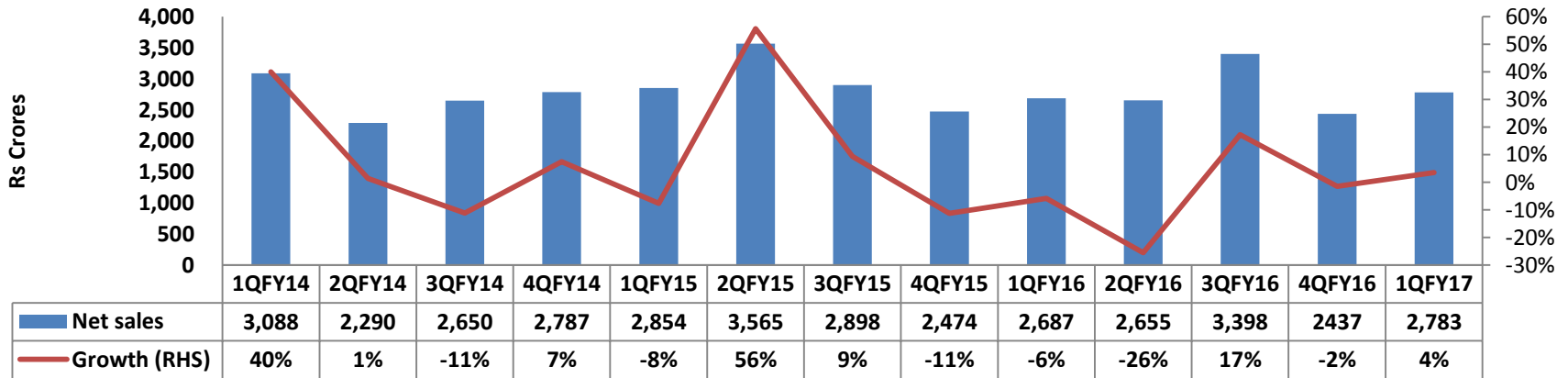
- PED revenue grew by 50% in Q1 FY 17 which were compensated to some extent by low growth in accessories business
- The VRS cost for Others segment was Rs 6 cr which depressed the PBIT to Rs (-8) cr

Capital employed

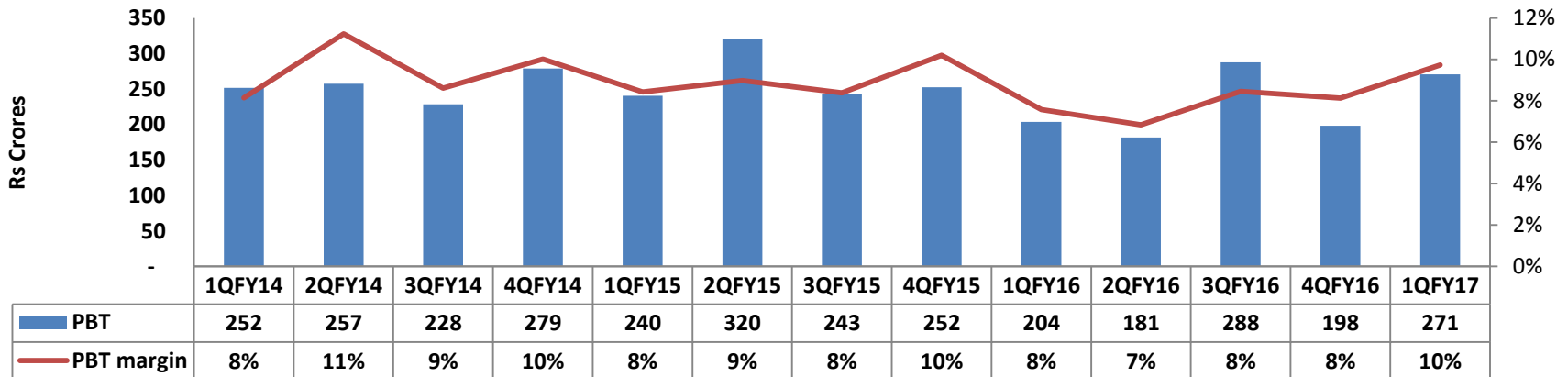


Performance Trends - Quarterly

Company: Net Income



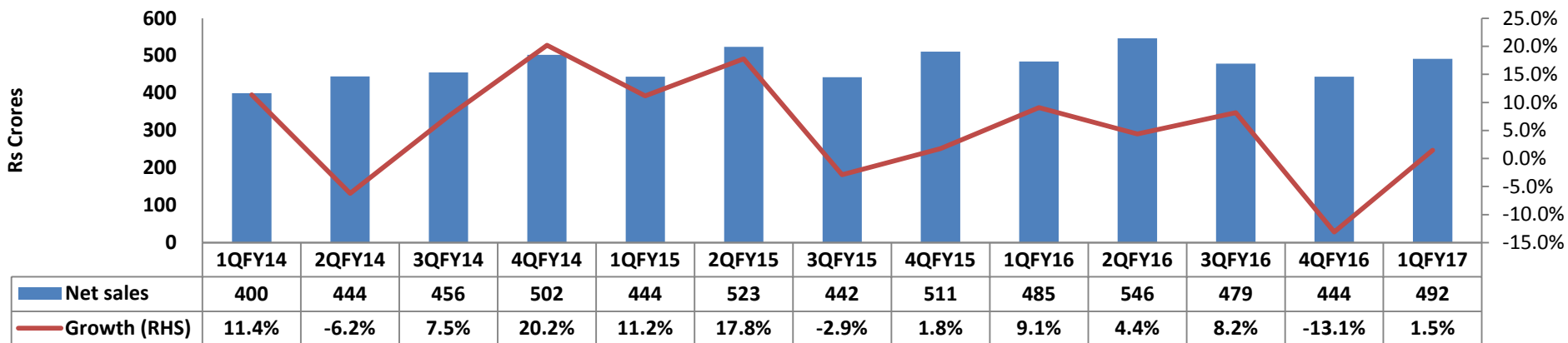
Company: PBT & Margin



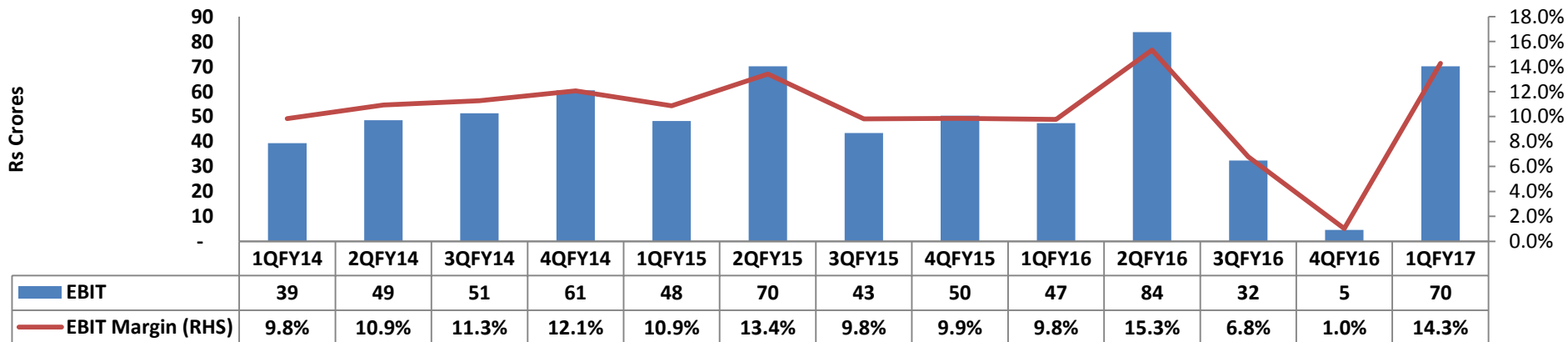
PBIT in Q1 FY 16-17 does not factor in the financial impact of VRS scheme

Performance Trends - Quarterly

Watches: Net Income



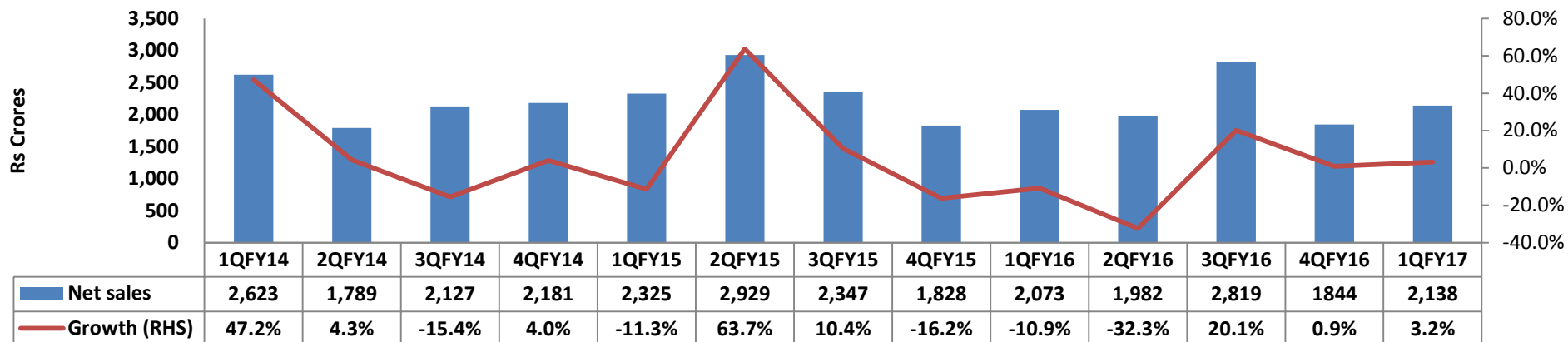
Watches: EBIT & Margin



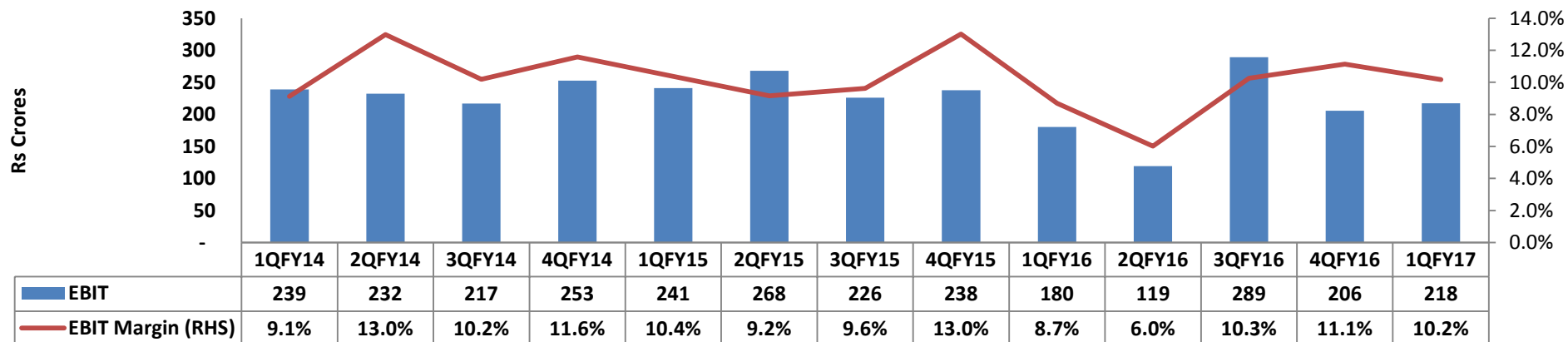
PBIT in Q1 FY 16-17 does not factor in the financial impact of VRS scheme

Performance Trends - Quarterly

Jewellery: Net Income



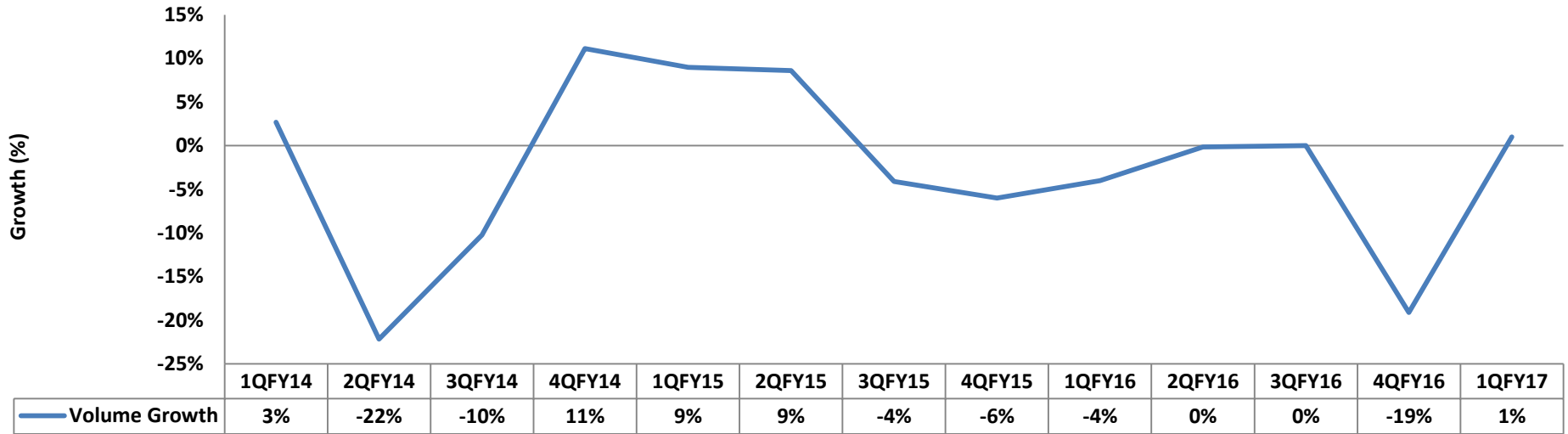
Jewellery: EBIT & Margin



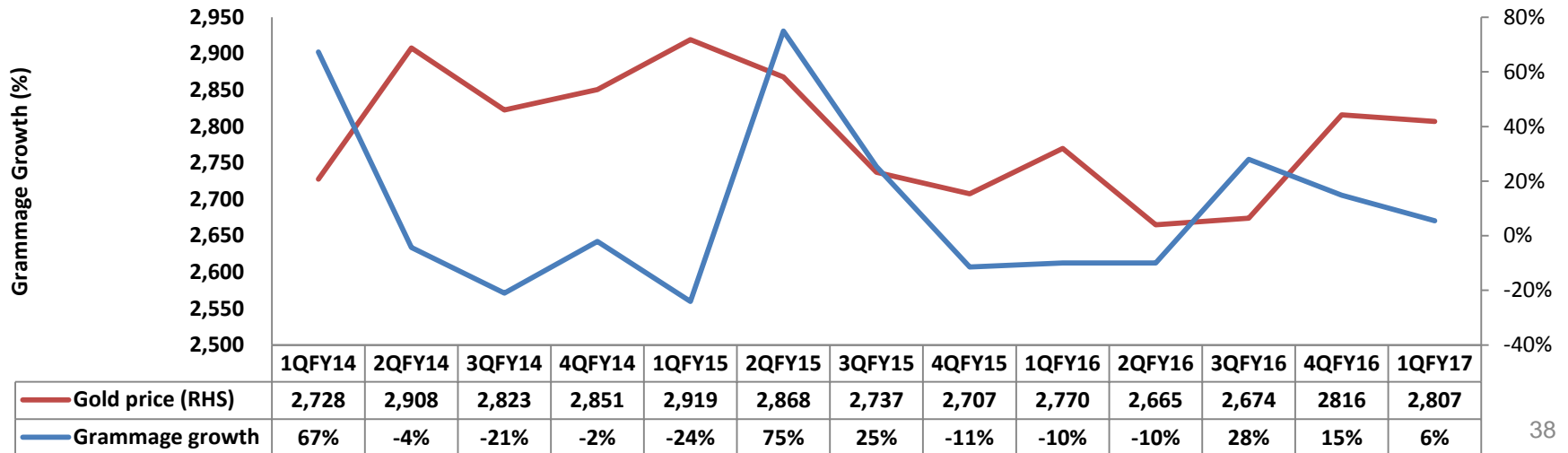
PBIT in Q1 FY 16-17 does not factor in the financial impact of VRS scheme

Performance Trends - Quarterly

Watches: Volume growth



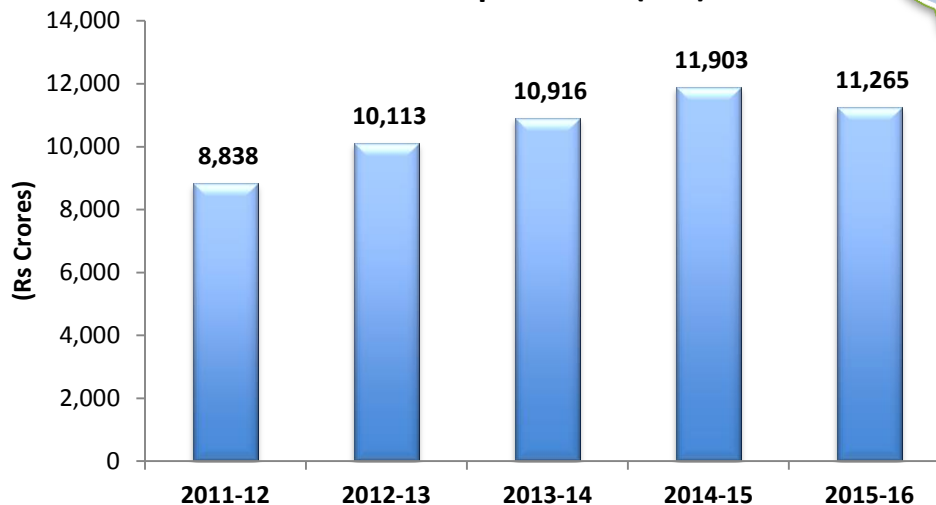
Jewellery: Gold price and Grammage growth





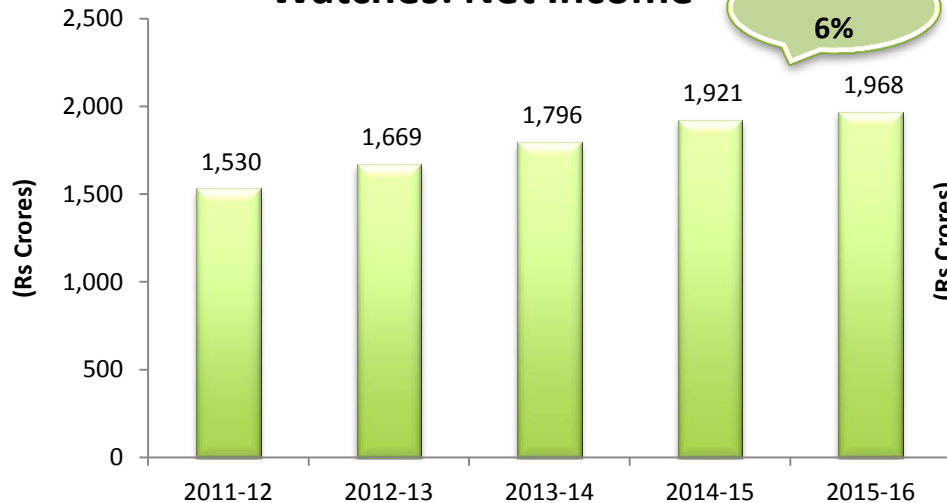
Performance Trends - Annual

Income from operations (net)



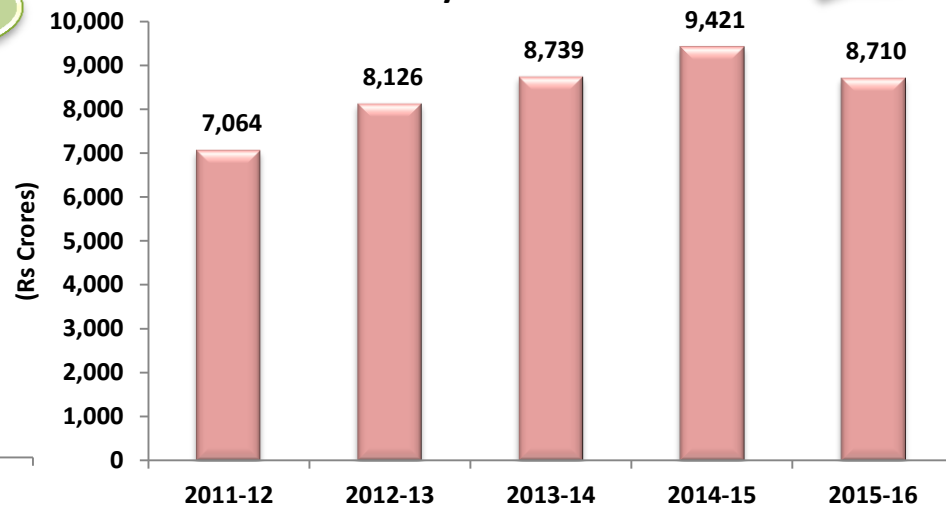
CAGR:
6%

Watches: Net Income



CAGR:
6%

Jewellery: Net Income



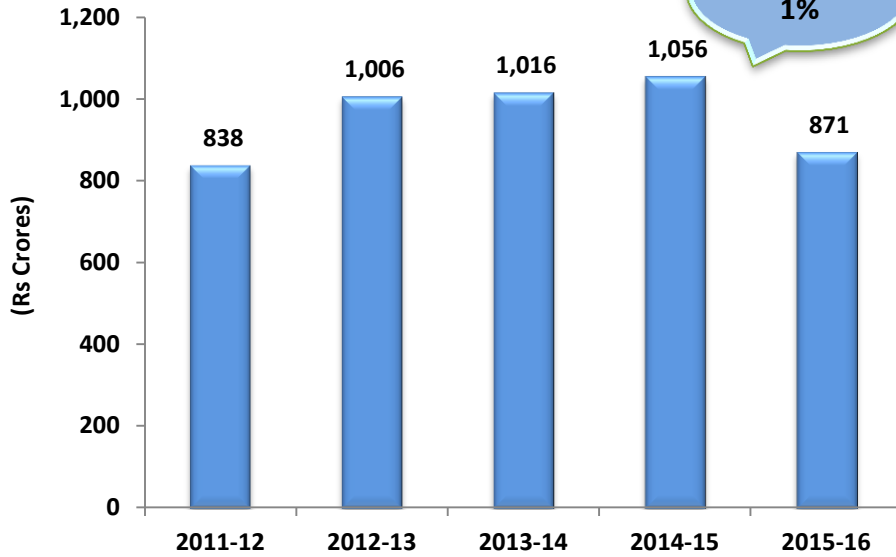
CAGR:
5%



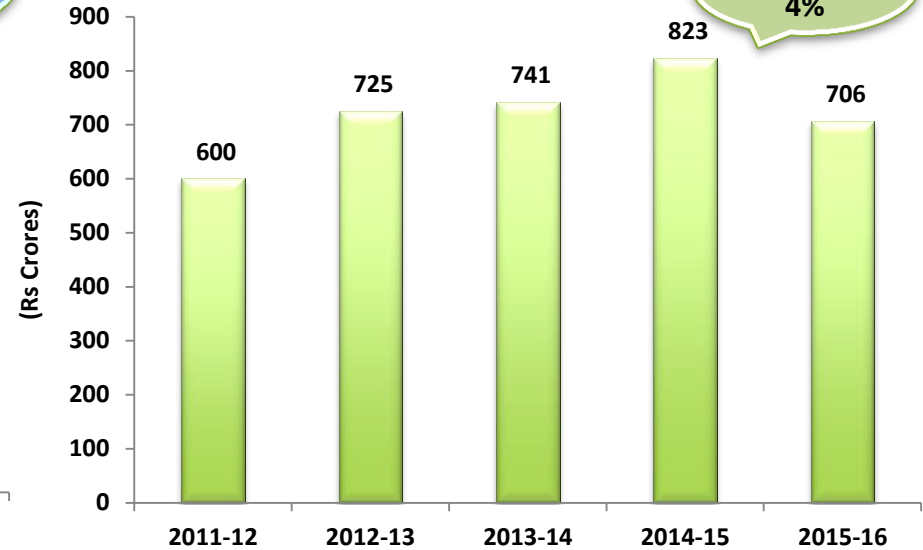
TITAN
CORPORATION

Performance Trends - Annual

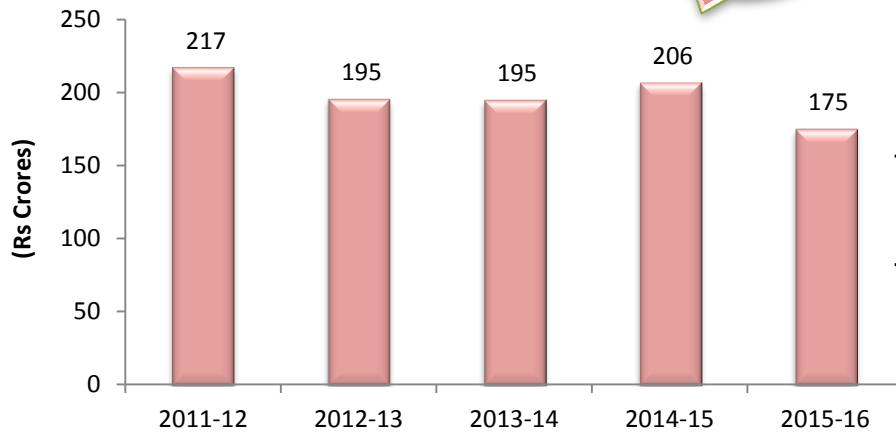
PBT



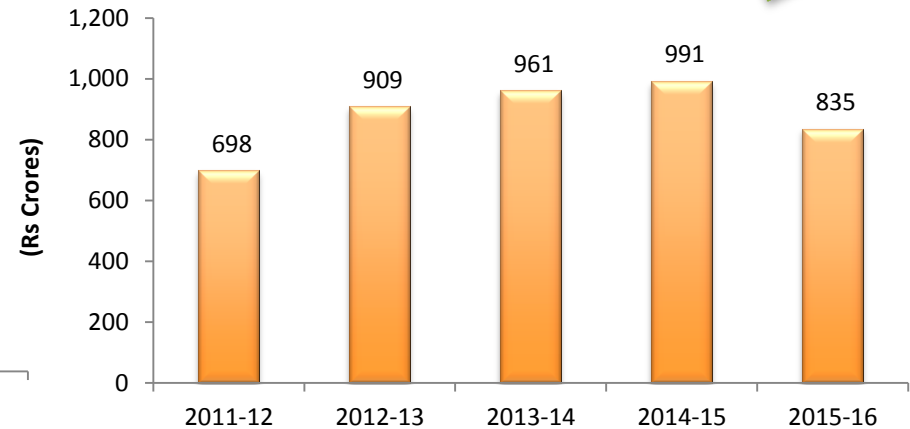
PAT



Watches: PBIT



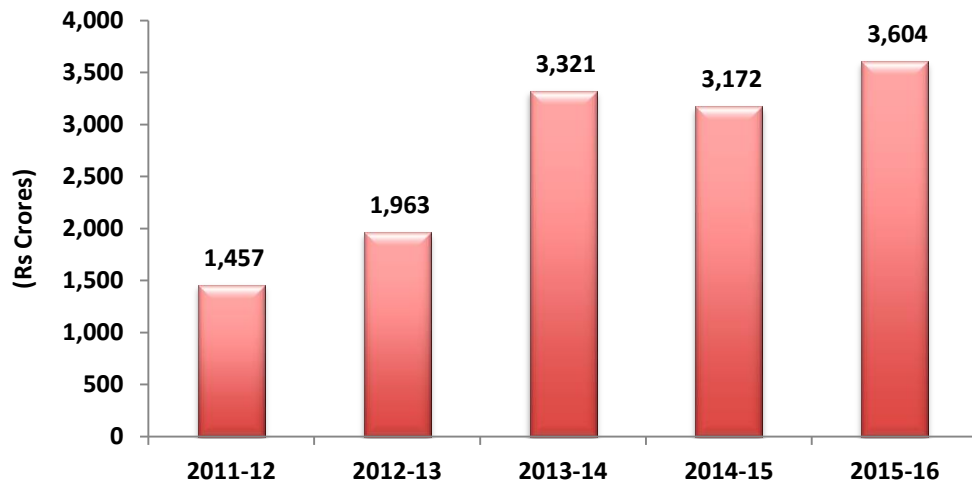
Jewellery: PBIT



Performance Trends - Annual

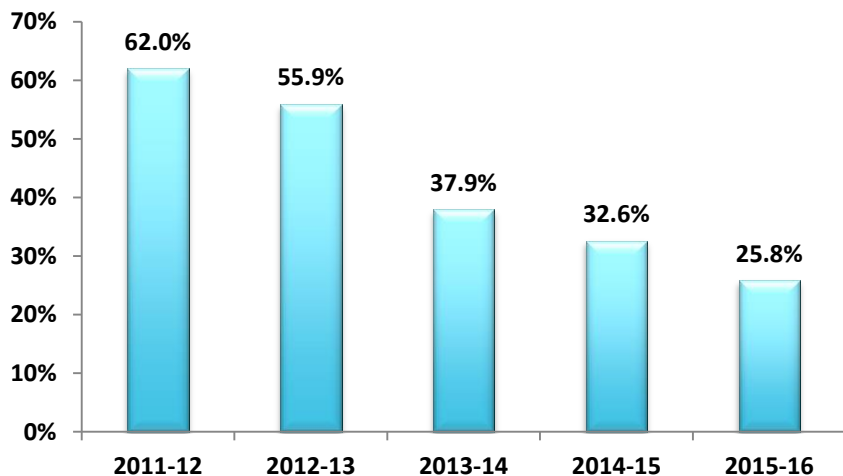


Capital Employed

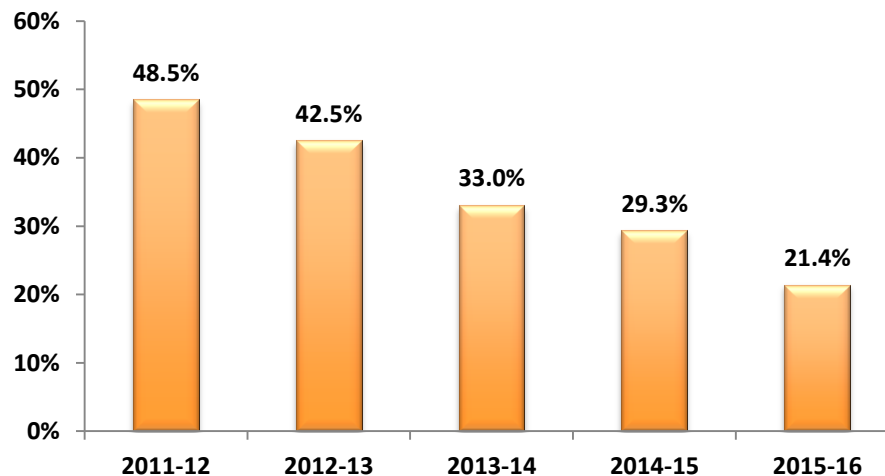


• Disruption in Gold on lease scheme increases Capital Employed sharply

ROCE

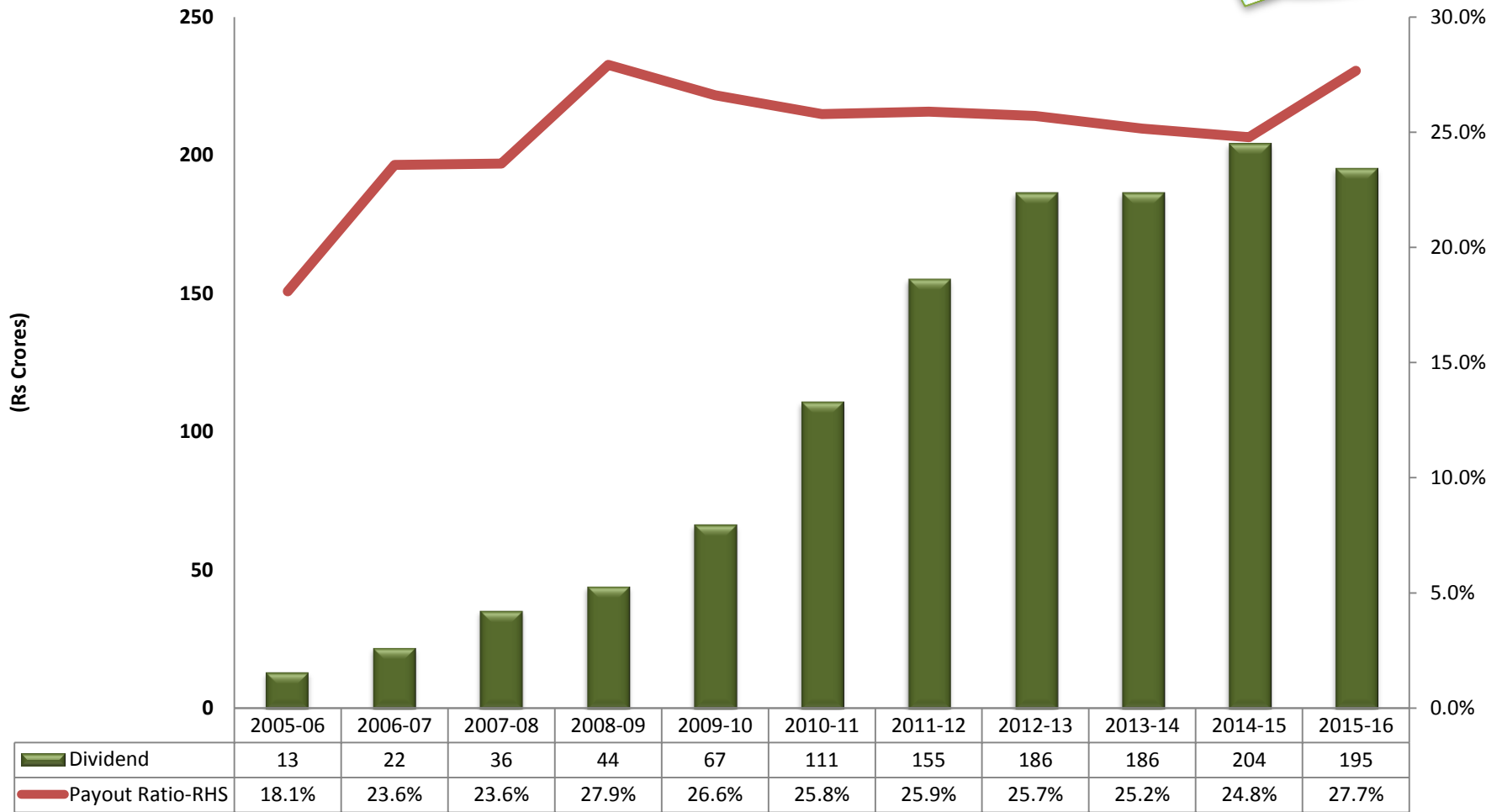


ROE



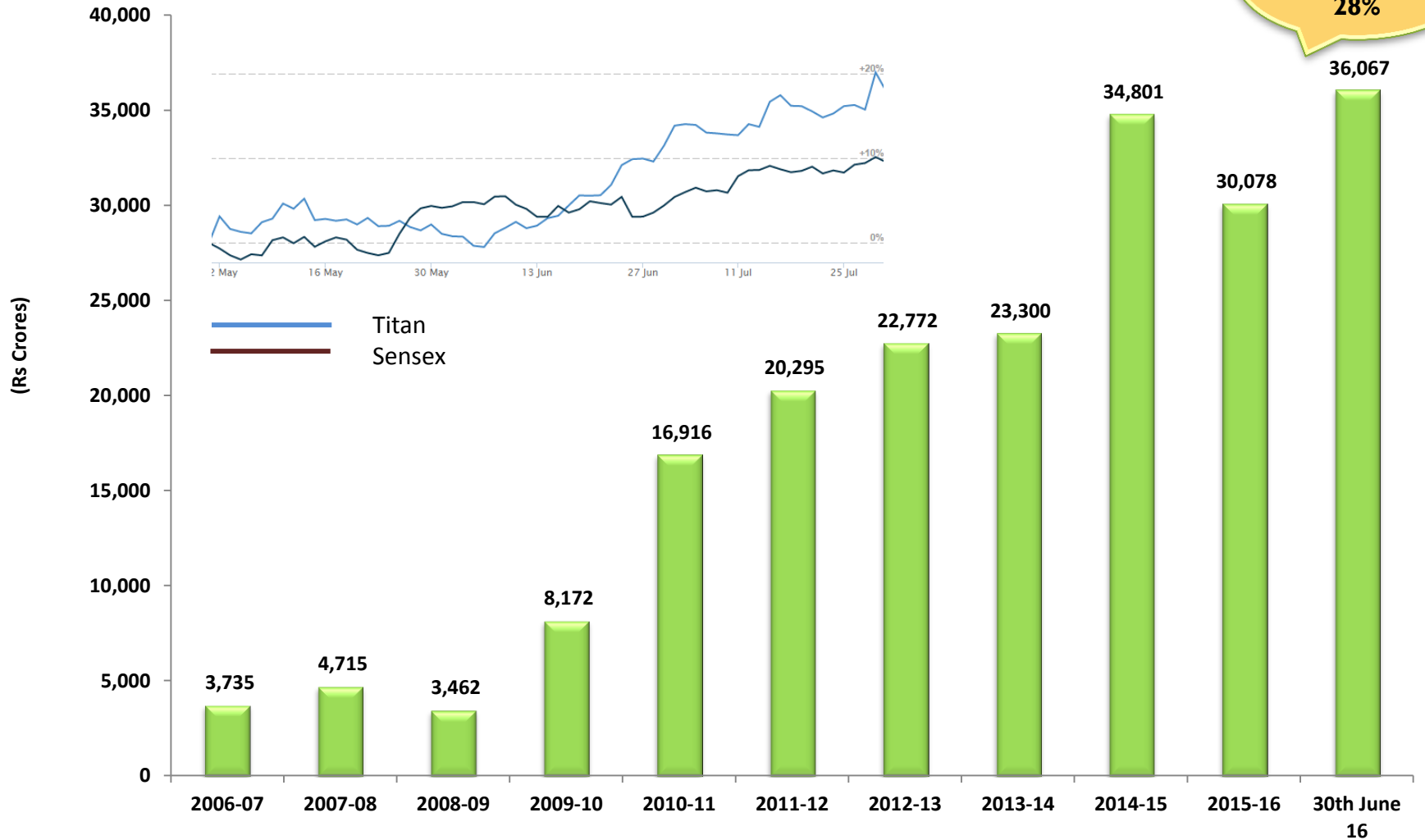
Dividend

**10 year
CAGR: 31%**



Market Capitalisation

Stock Performance Vs Sensex



Note: Based on BSE closing prices at the end of the period

Formally defined CSR Policy in line with the company's vision

The CSR focus at Titan will be driven by broad themes such as **upliftment of the underprivileged girl child, Skill development and support for Indian Arts, Crafts and Heritage**

Key initiatives driven:

•Girl Child / education:

- Educating the underprivileged girl child – Covering close to 10,000 girls across Krishnagiri, Uttarakhand and other regions*
- Supporting Education for the tribal children and building capacity through faculty training near Mysore*
- Scholarships for the needy and meritorious – Close to 200 scholarships given this year*

•Skill development

- Creating Pilot Skill centre at Bangalore , targeting employability led skilling of 1000 underprivileged youth in areas of Retail, animation, etc*
- Adoption of ITI , having close to 900 students and 100 faculty , building skills and capacity*

•Supporting Arts Crafts . Heritage / Celebrating Indian Heritage

- Working with Porgai Artisans association, supporting revival of craft by Lambadi Women , skilling them*
- Restoration of Finial of Humayun Tomb*
- Engaging in supporting Art and culture through India Foundation for Arts , Ranga Shankara*

•Support towards local and National Causes -Responsible citizenship

- Construction of Toilets for girl children - 60 toilets*
- Uttarakhand Rehabilitation program*
- Happy Eyes – Eye screening and supporting cataract operations for underprivileged children and adults*

Thank You



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