

Titan Company Limited

Delivering value by creating brands

January 2014



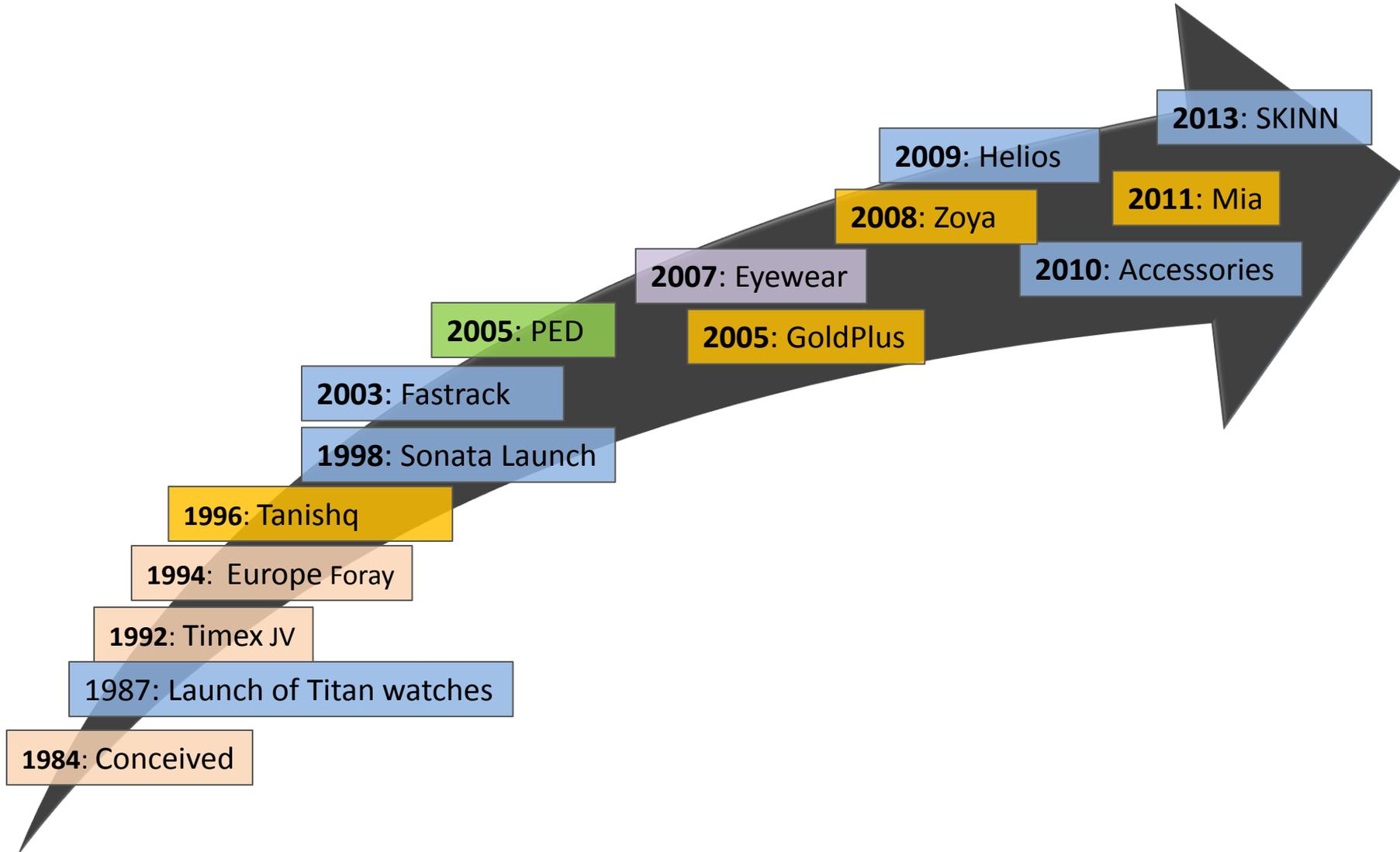
Disclaimer



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



1984: Conceived

1987: Launch of Titan watches

1992: Timex JV

1994: Europe Foray

1996: Tanishq

1998: Sonata Launch

2003: Fastrack

2005: PED

2005: GoldPlus

2007: Eyewear

2008: Zoya

2009: Helios

2010: Accessories

2011: Mia

2013: SKINN

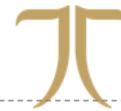
Our Brands



Luxury

ZOYA

Premium



Mid Market



TANISHQ

TITAN



Mia



Mass Market



GOLDPLUS from TATA



EYE+

India's largest specialty retailer



Luxury

ZOYA 2

Premium

HELIOS 50

Mid Market

WORLD of TITAN 373

TITAN One 83

TANISHQ 160

TITAN EYE+
WORLD CLASS OPTICAL STORES
270

Service Centres

751

fastrack 151

Mass Market

GOLDPLUS from TATA 33

1,012 Exclusive stores
(excl Titan One & Spexx)

222 Towns

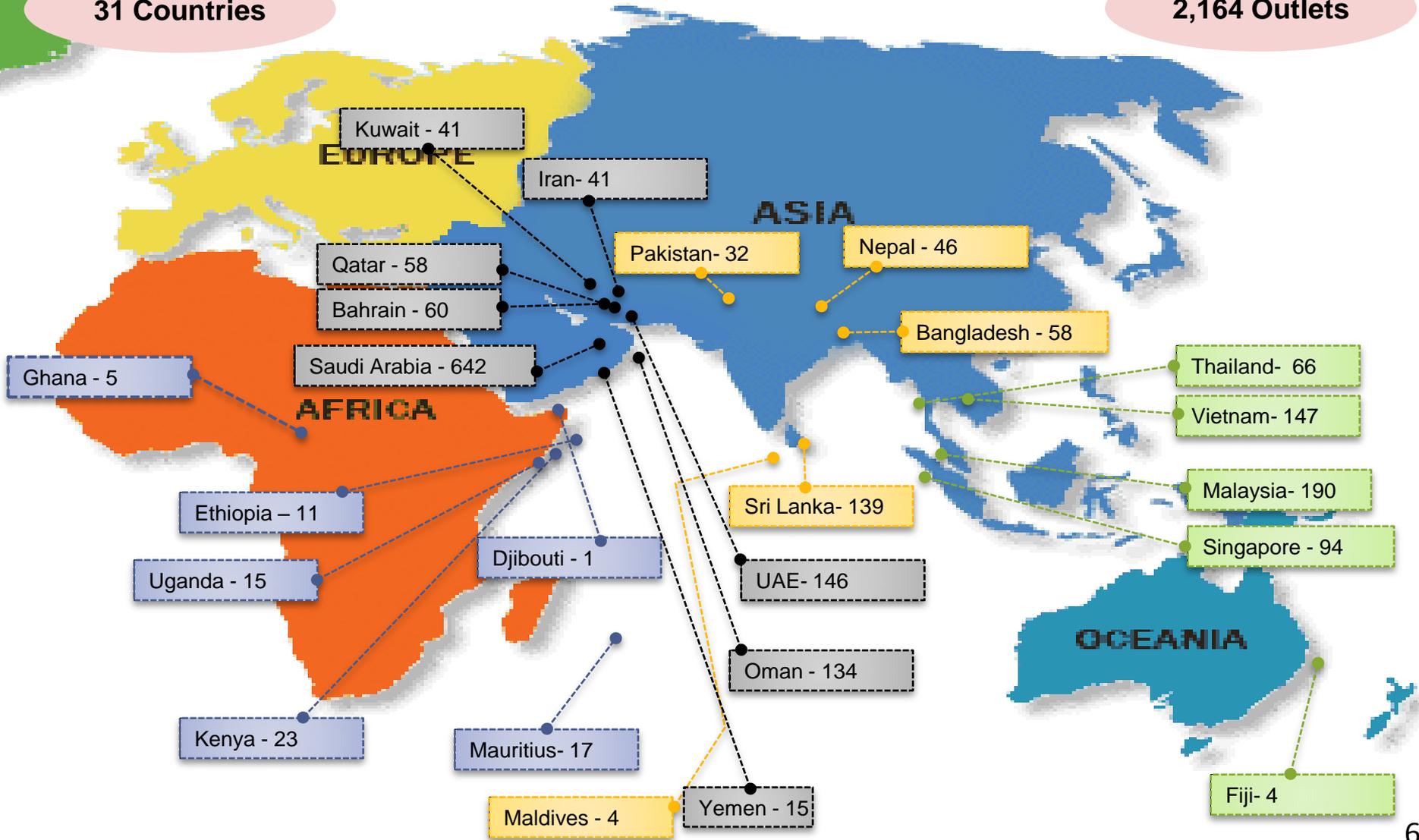
Over 1.45 million sft
of retail space

International presence



31 Countries

2,164 Outlets



Where we stand today



- World's 5th largest Watch Manufacturer
- 65% market share in organized watch market
- *Sonata*: India's largest selling watch brand
- *Fastrack*: India's largest youth brand
- *Tanishq*: India's leading Jewellery player
- *Titan Eye+*: India's largest retail chain in Eyewear
- Strength in Retail: 1,012 stores with over 1.45 million sft area
- Distribution: More than 11,000 multi-brand outlets
- Precision Engineering: Preferred vendor for high precision components to many global manufacturers

Watch Division



Watch Division



Five major brands



Points of Sales

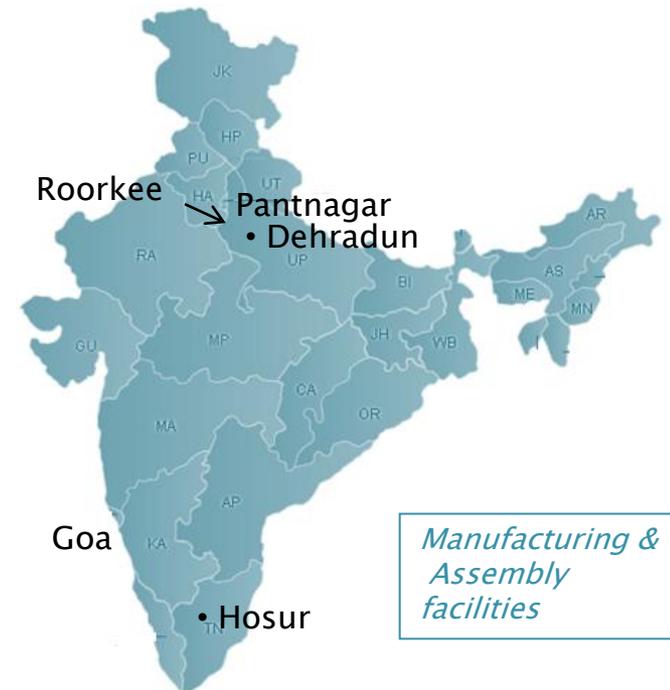
- Exclusive “World of Titan” outlets
- “Fastrack” outlets
- Multi-brand outlets: “Helios”
- “TITAN One” outlets
- Multi-brand dealers and stores
- Large-format stores like Shoppers’ Stop, Lifestyle etc

Large network of exclusive service centers

Sophisticated Design & Development Center

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

Licensed brands



Watch Distribution

	<ul style="list-style-type: none">• 373 showrooms (9 added YTD)• 144 towns – 384k sft
	<ul style="list-style-type: none">• 151 stores / kiosks (11 added YTD)• 74 towns – 86k sft
	<ul style="list-style-type: none">• 50 stores (4 added YTD)• 22 towns – 68k sft
	<ul style="list-style-type: none">• 83 stores (10 added YTD)• 71 towns – 46k sft
Service Centres	<ul style="list-style-type: none">• 751 outlets• 268 towns
Retail All India	<ul style="list-style-type: none">• 11,000 dealers• 2,500 towns
International	<ul style="list-style-type: none">• 2,164 outlets• 31 countries

Jewellery

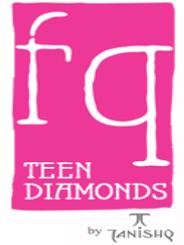


ZOYA

TANISHQ

GOLDPLUS
from TATA

Mia



Jewellery

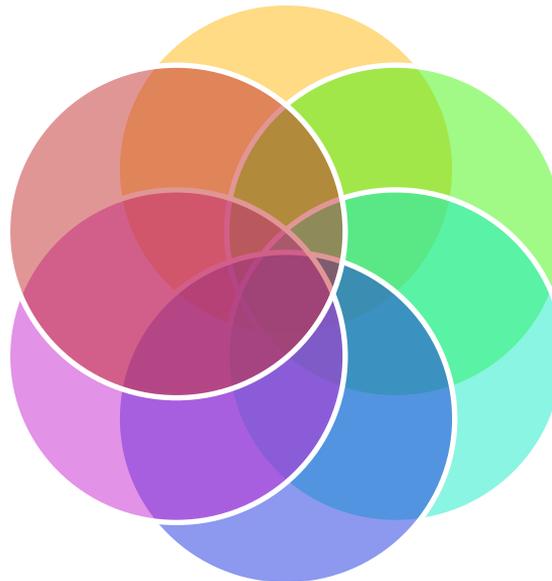


Largest jewellery retailer in India

Three major brands – Tanishq, GoldPlus and Zoya

Sub-brand - Mia, for the working woman; fq for the teens

Customer First and Lean initiatives in manufacturing and retailing



Manufacturing facilities in Hosur, Dehradun and Pantnagar

Innovative Services – Golden Harvest scheme, Gift vouchers, Gold exchange schemes

Jewellery Distribution



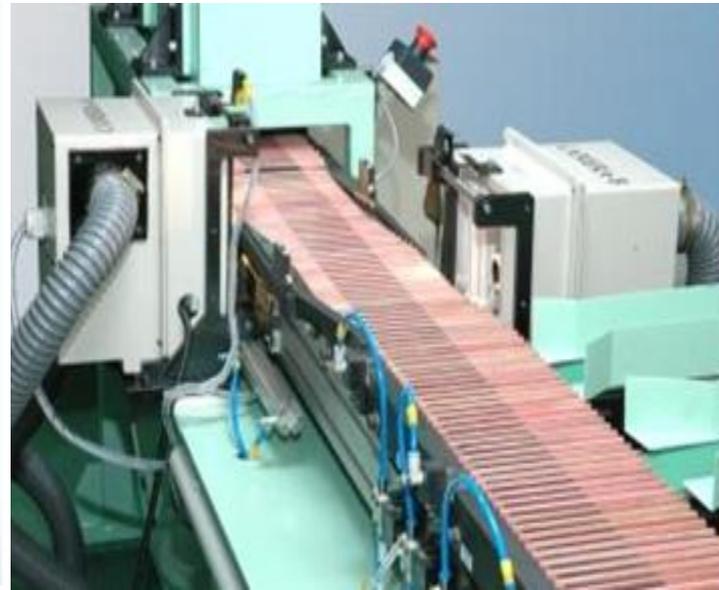
TANISHQ

- 162 stores including 2 Zoya stores (14 added YTD)
- 616k sft (88k sft added YTD)
- 90 towns

GOLDPLUS
from TATA

- 33 stores (2 added YTD)
- 81k sft (6k sft added YTD)
- 33 towns

Eyewear & Precision Engineering



Eyewear

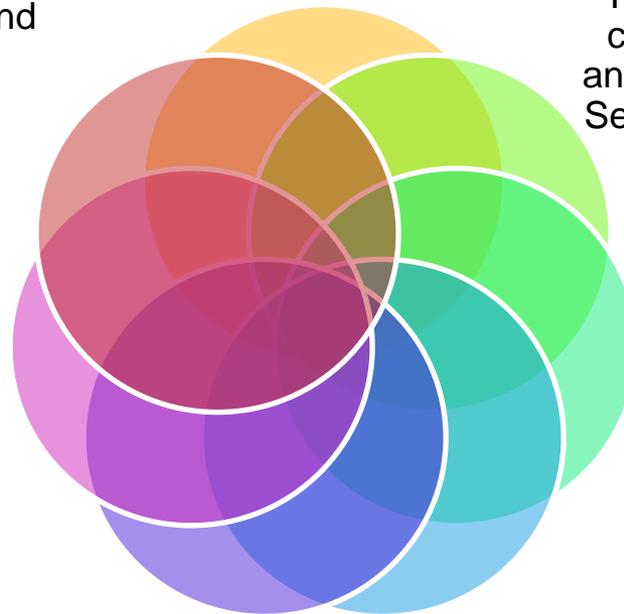


India's largest optical retail chain - 270 retail outlets, 98 towns

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

House brands in frames for different consumer segments; Titan, Eyeplus, and Dash; Sunglasses: Titan, Fastrack; Several international and luxury brands

Key differentiators: Zero-error testing, differentiated and stylish frames & sunglasses backed by high-tech lenses; Browse, touch and feel display



State of the art Lens manufacturing facility at Chikkaballapur, near Bangalore

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

Vision check online – creating access; Remote eye testing at stores; New Spexx stores in hospitals

Precision Engineering



Leverages engineering capabilities

B2B business – balances risk of B2C businesses

Sixty clients across the world including Eaton (US), Hamilton Sunstrand (US), Microtechnica (Italy), Pratt & Whitney (US), Ford (UK), Bosch (India)



PECSA (Precision Engineering Component 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

Titan Company Limited



Q3 Performance

Q3 Background



- Slowdown in economy along with inflation results in weak consumer demand. Jewellery industry witnessed sharp decline in demand
- Average gold price was 10% lower than previous year level
- RBI's ban on gold-on-lease facility continues
- Issues with gold supply in the market persist – premium on gold goes above 10% of gold rate in the quarter
- Sale of gold coins discontinued to help the government's efforts to reduce CAD
- Focus on retail network expansion continues – 37 outlets (49k sft) added during the quarter across divisions. Year-to-date addition of 86 outlets (135k sft)
- Accessories – Fastrack helmets launched

Q3 - Retail growth

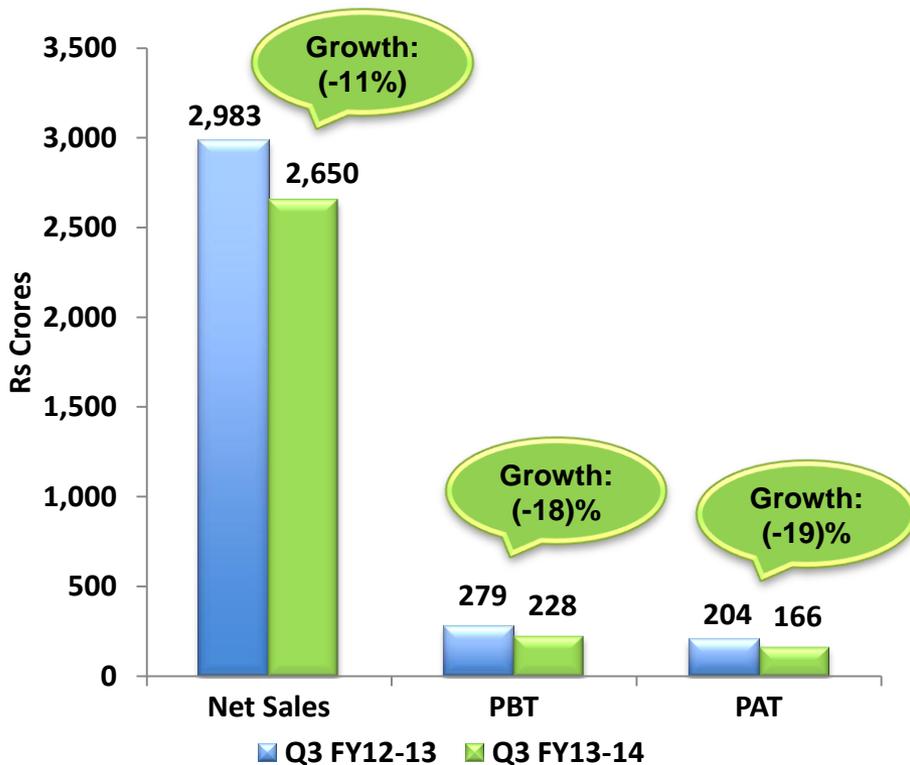


	Sales value growth	Like to like growth
World of Titan	0%	-5%
Tanishq	-8%	-15%
Goldplus	-25%	-30%
Helios	33%	10%
Fastrack	12%	-9%
LFS - Watches	6%	7%
Titan Eye+	14%	2%

Company performance

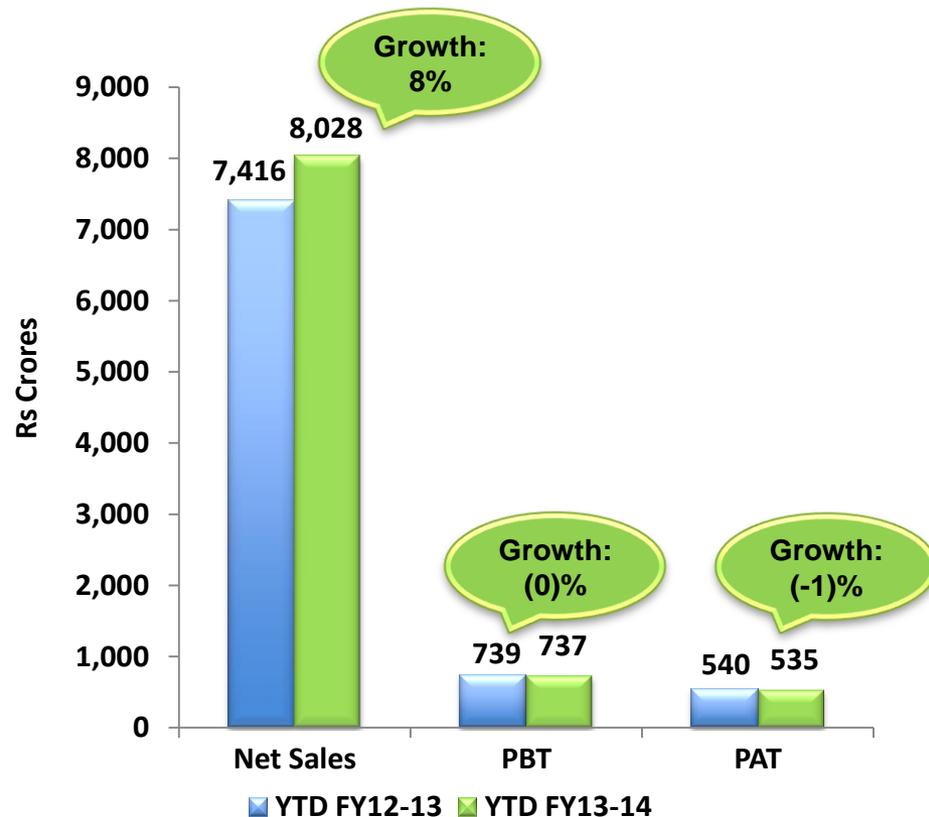


Q3 Performance



- Sales growth (excluding gold coin sales): (-1)%
- PBT margin declined from 9.4% to 8.6% ; Margin increased in Jewellery, but declined in Watches
- Higher overheads (mainly employee cost and network expansion cost) lead to lower margin

YTD Performance

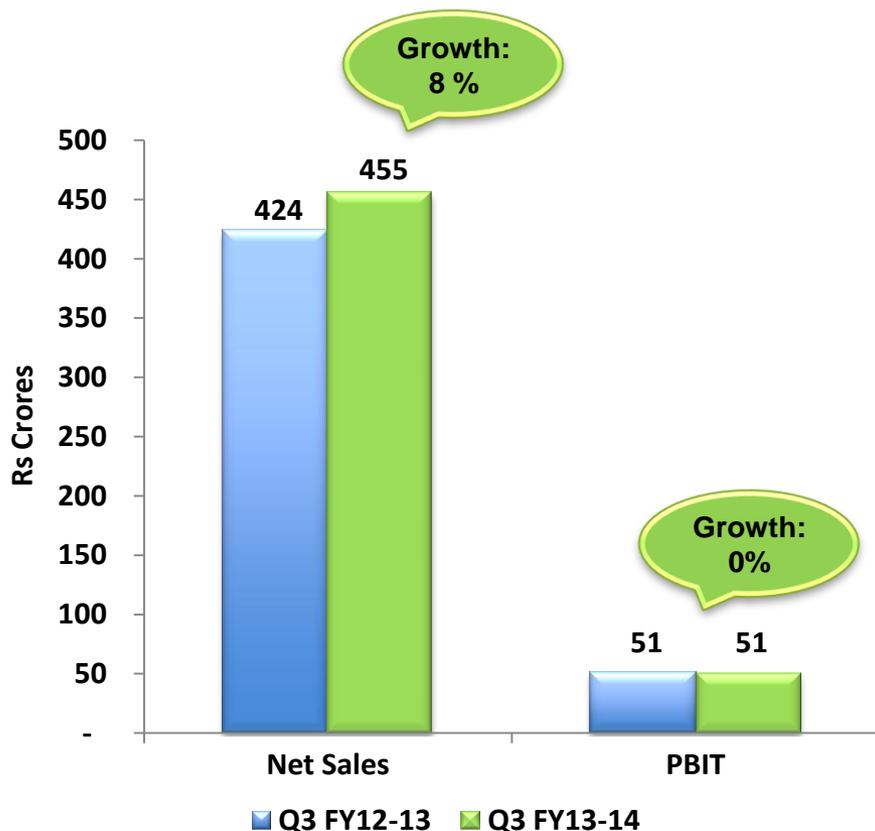


- Growth in revenue in all divisions
- PBT margin declined from 10% to 9.2%

Watches

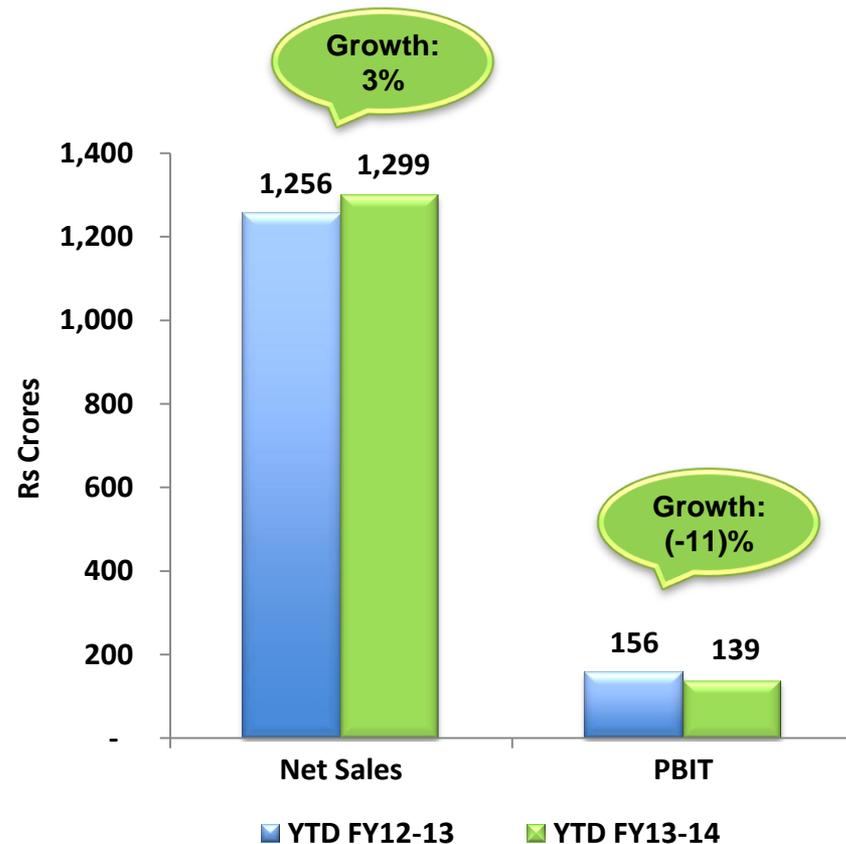


Q3 Performance



- Volume decline: 10%
- PBIT margin declined from 12.1% to 11.3%
- Margin affected by negative operating leverage

YTD Performance

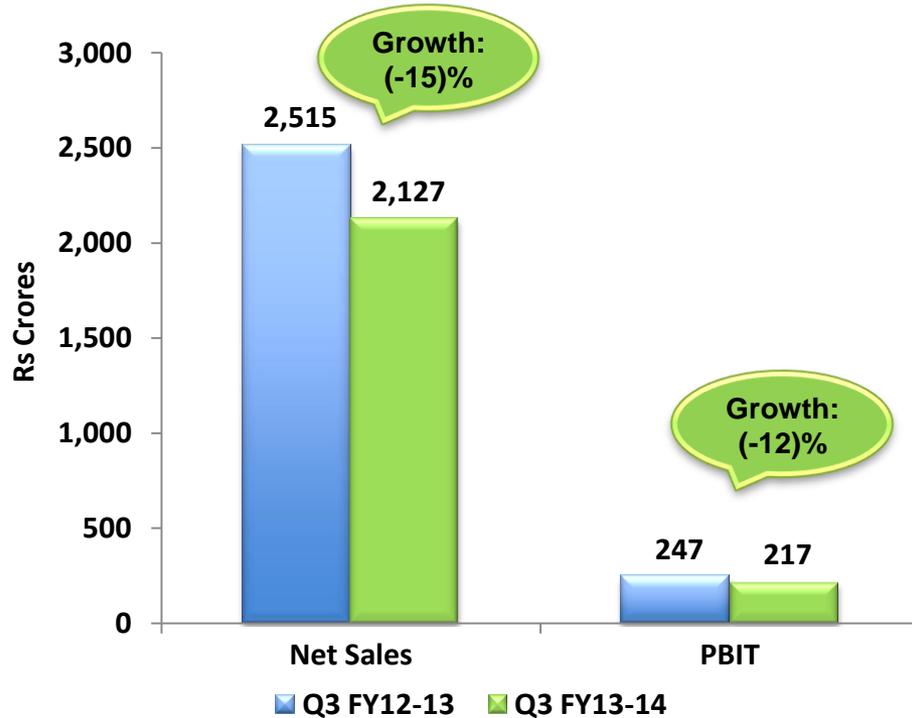


- Volume decline: 11%
- PBIT margin declined from 12.4% to 10.7%

Jewellery

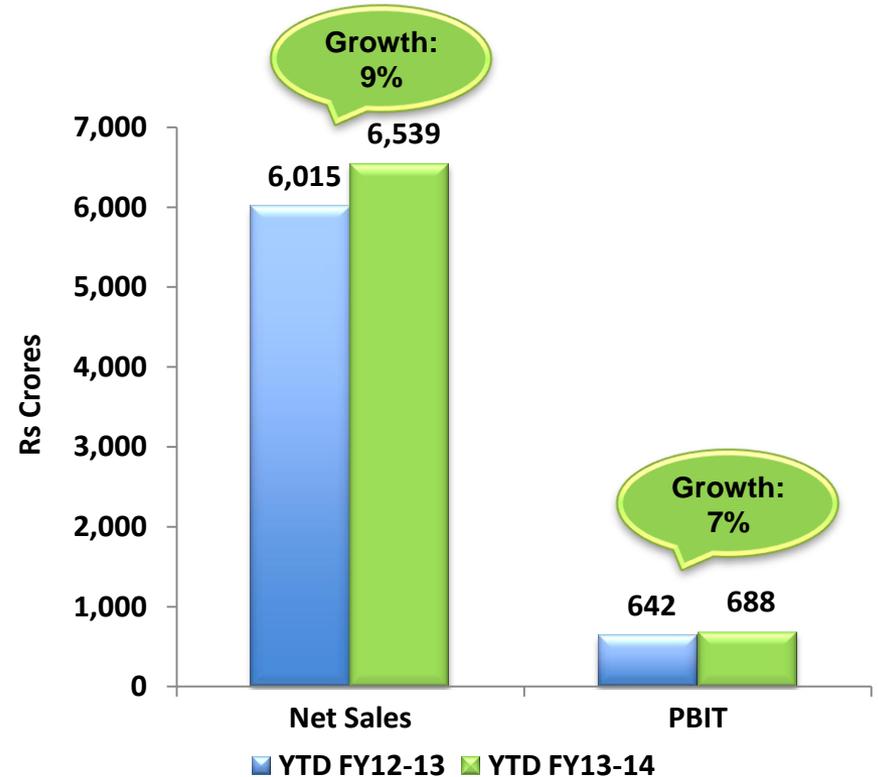


Q3 Performance



- Sales growth (excluding coins): (-3)%
- Customer growth: (-10)%
- Grammage growth: (-21%); excluding coins: (-2)%
- Share of studded jewellery: 26%
- PBIT margin improved from 9.8% to 10.2%

YTD Performance

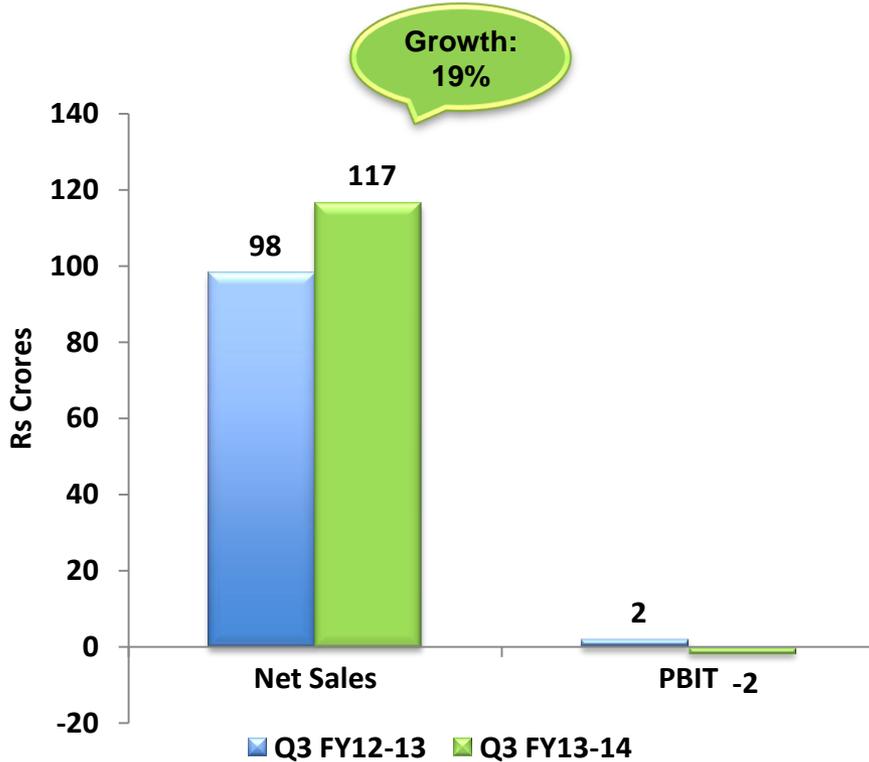


- Grammage growth: 12%
- Customer growth: 11%
- Share of studded jewellery: 25%
- PBIT margin declined from 10.7% to 10.5%

Others Segment

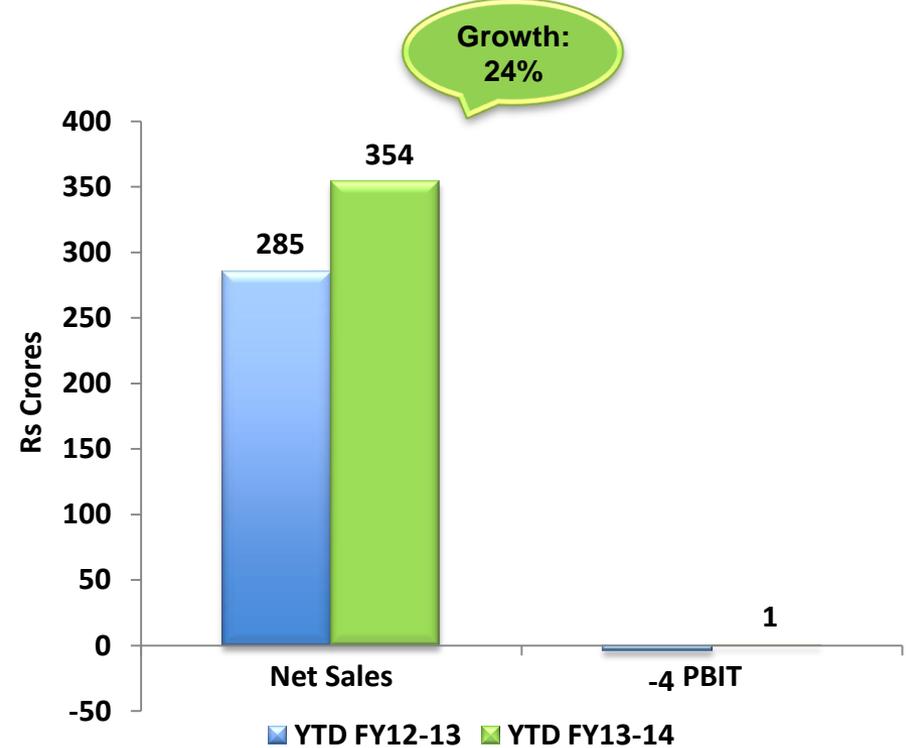


Q3 Performance



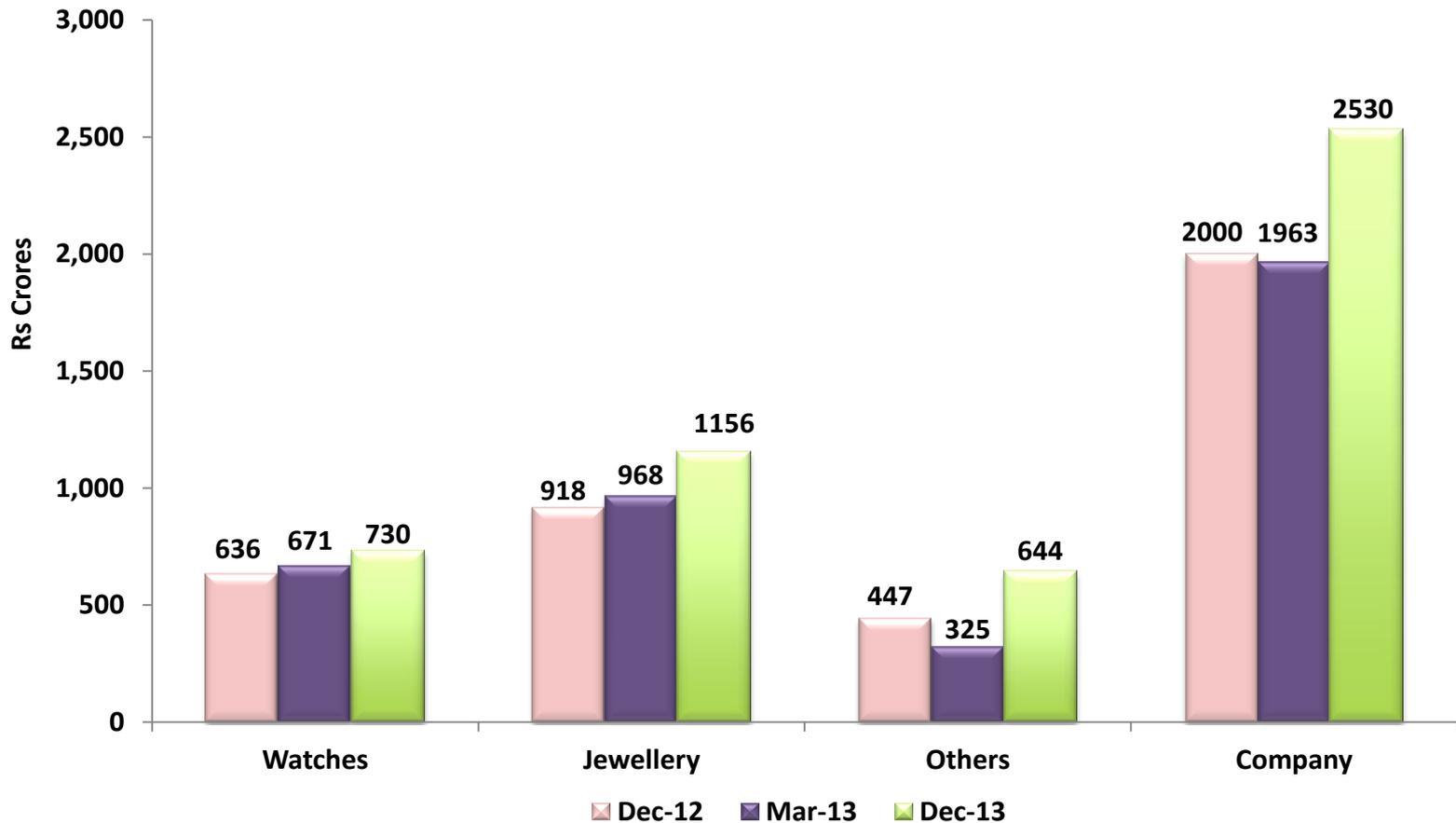
- Eyewear revenue growth: 3%; Q3 sales promotion was not undertaken
- PED revenue growth: 46%

YTD Performance



- Eyewear revenue growth: 21%
- PED revenue growth: 32%

Capital Employed

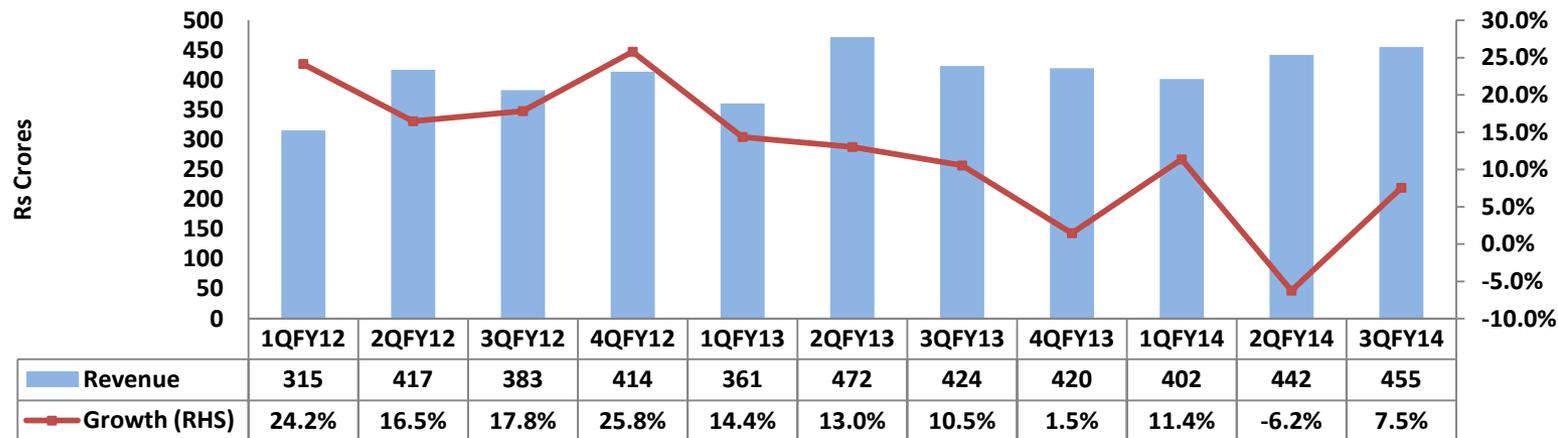


Capital Employed is net of Rs 820 Cr debt
Increase in Capital Employed due to ban on gold-on-lease scheme

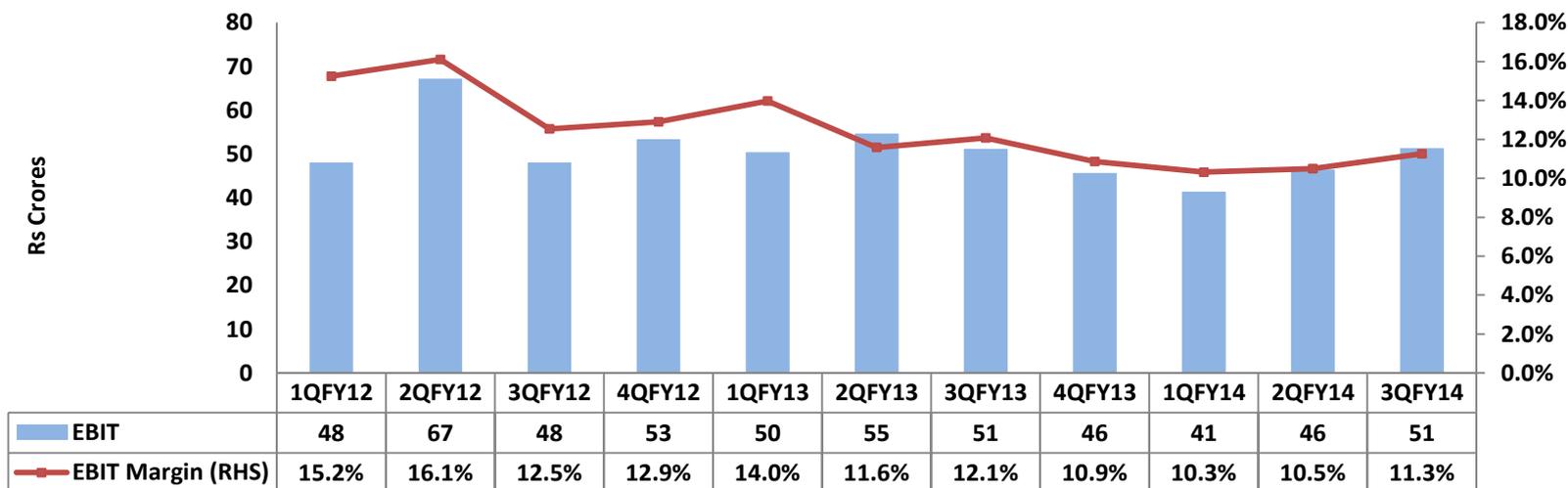
Performance Trends - Quarterly



Watches: Net Sales

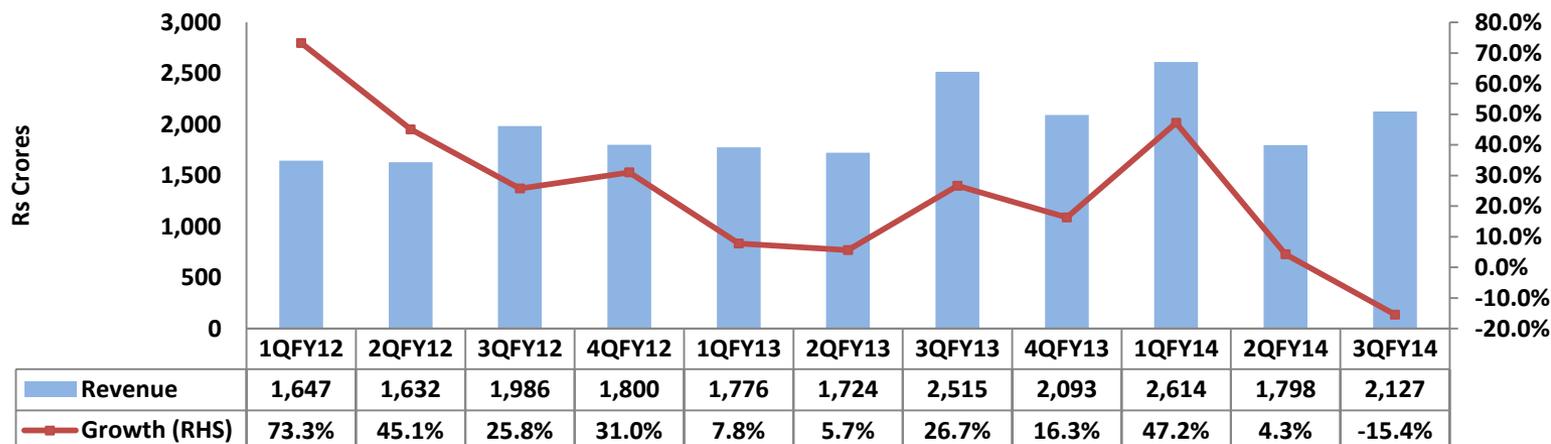


Watches: EBIT and Margin

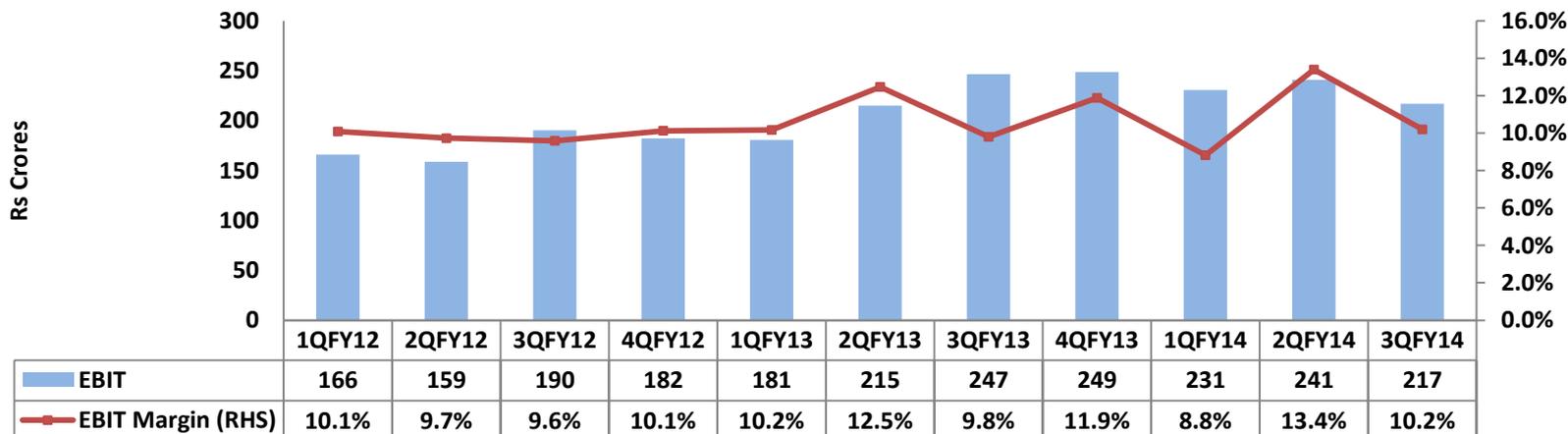


Performance Trends - Quarterly

Jewellery: Net Sales



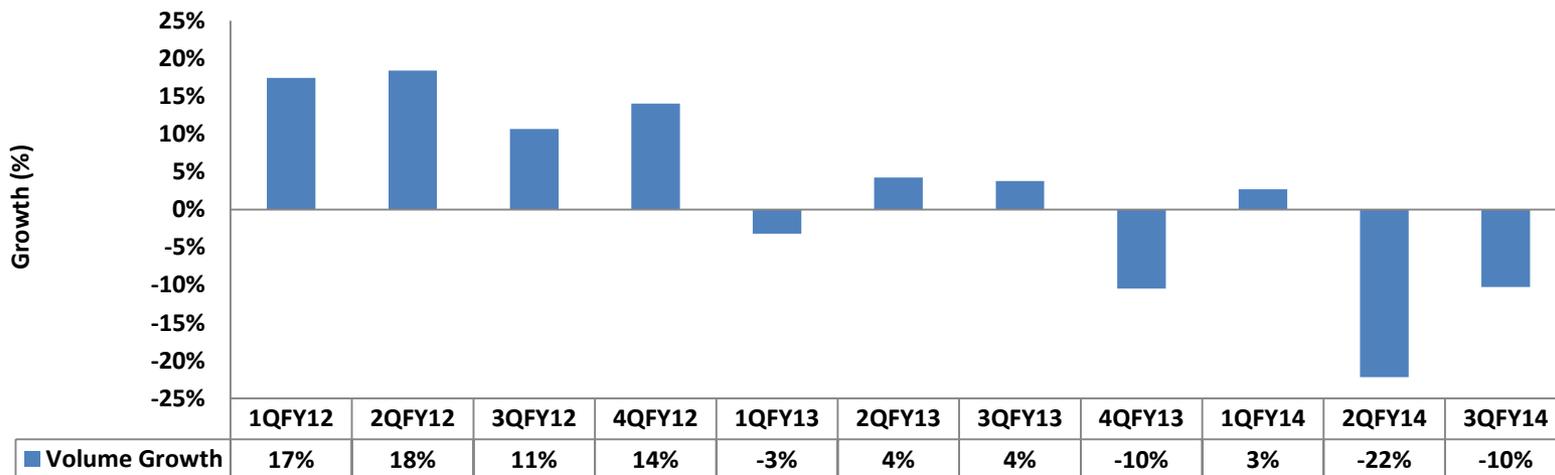
Jewellery: EBIT and Margin



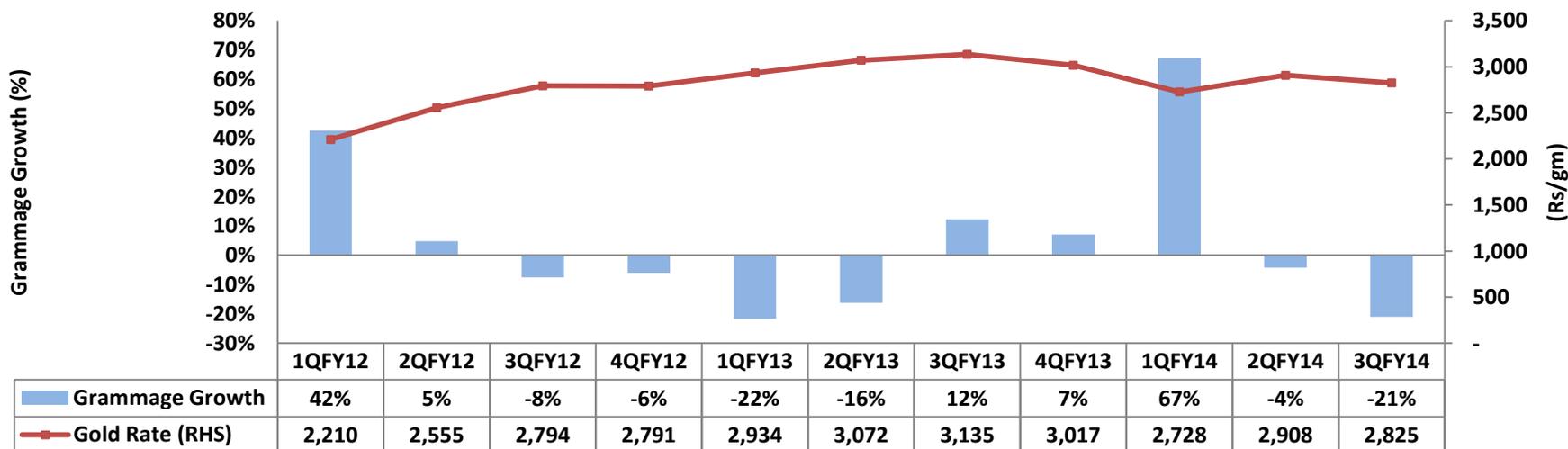
Performance Trends - Quarterly



Watches: Volume Growth

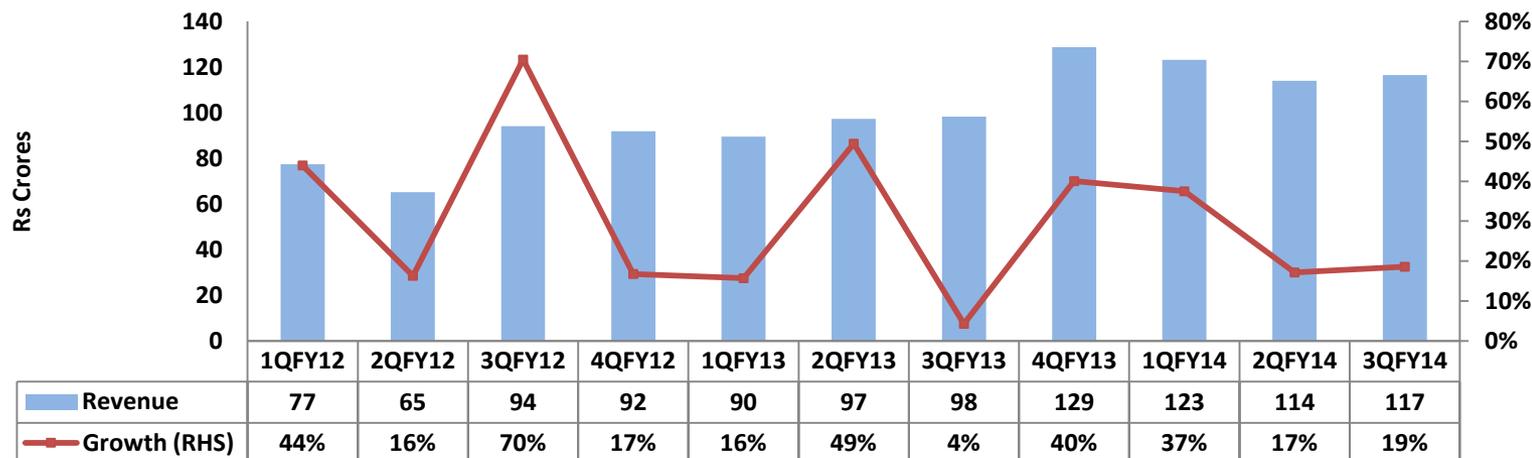


Jewellery: Gold Rate and Grammage Growth

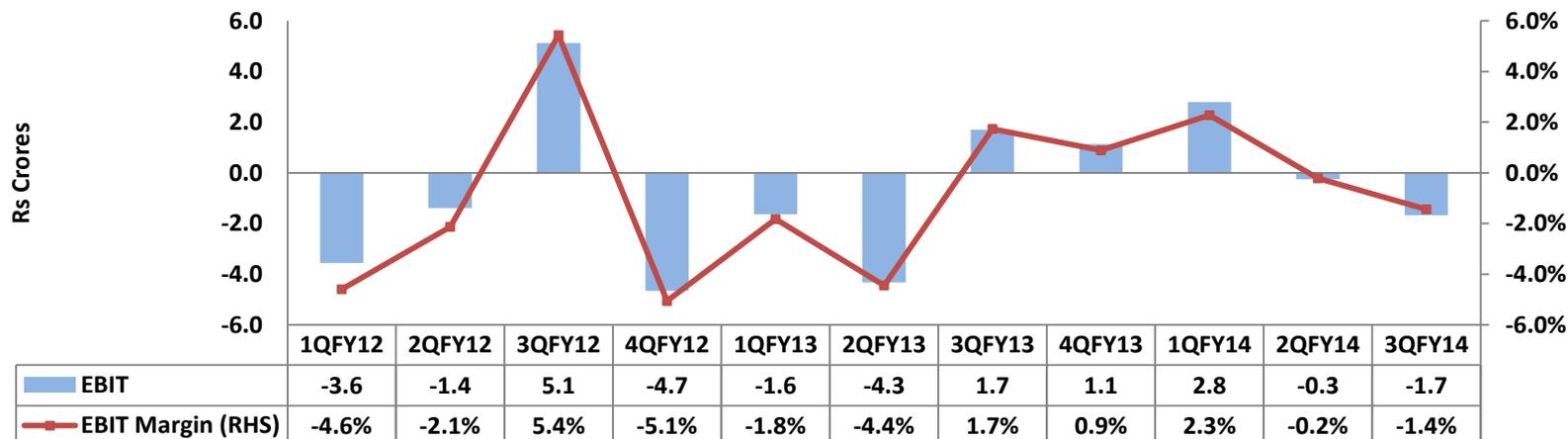


Performance Trends - Quarterly

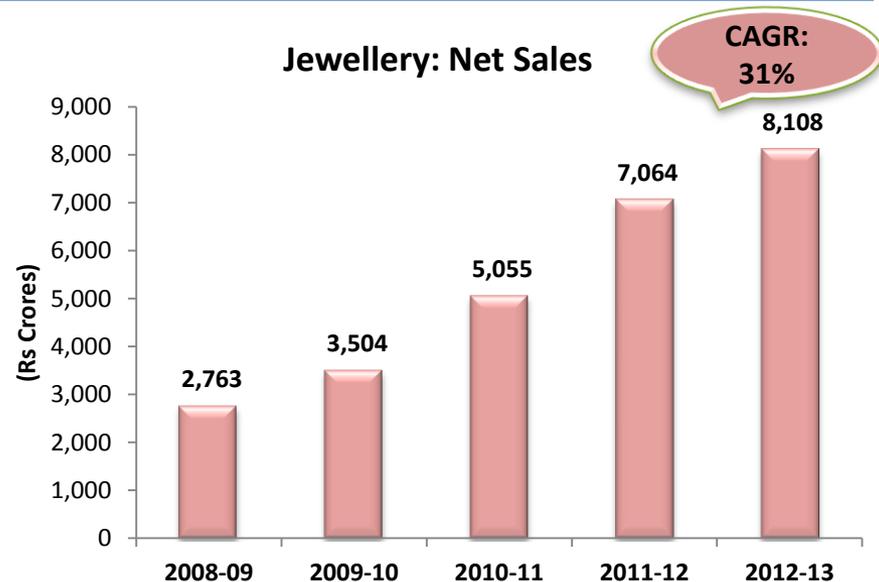
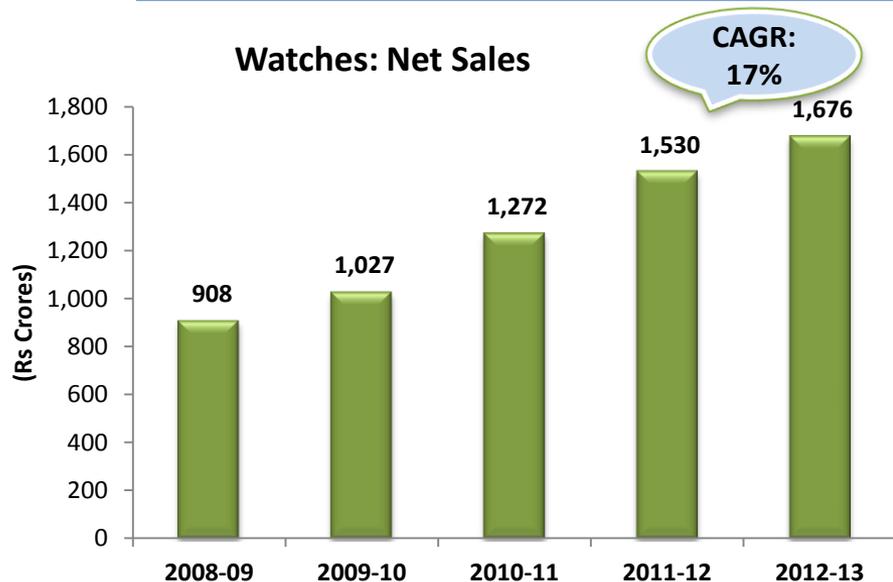
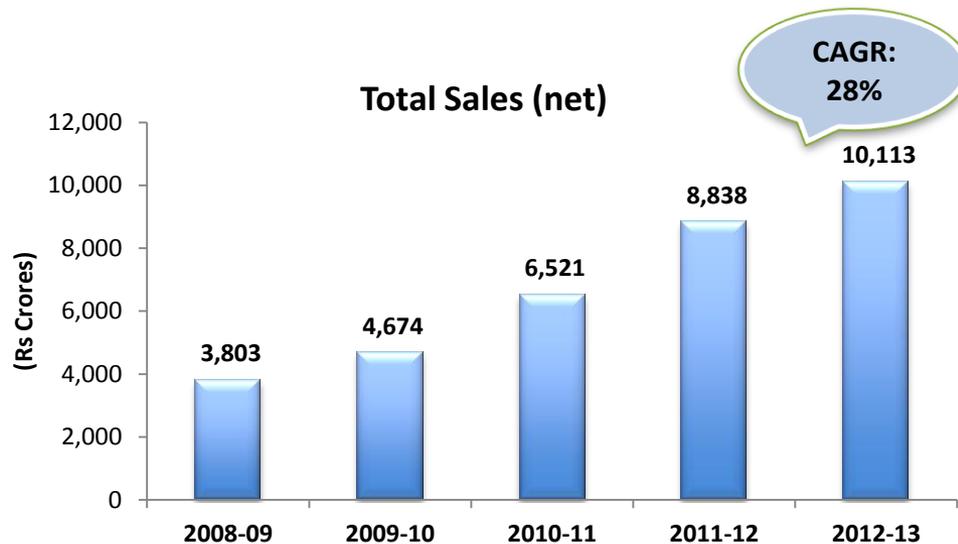
Others: Net Sales



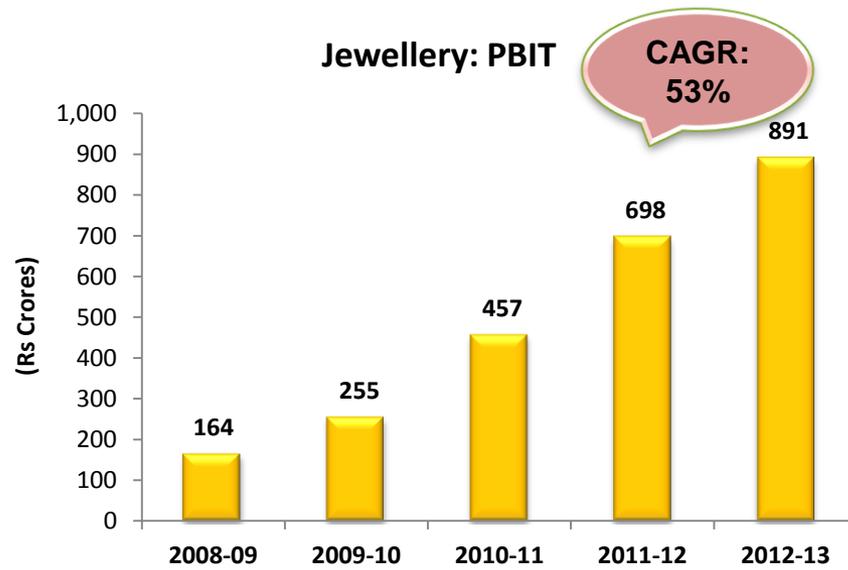
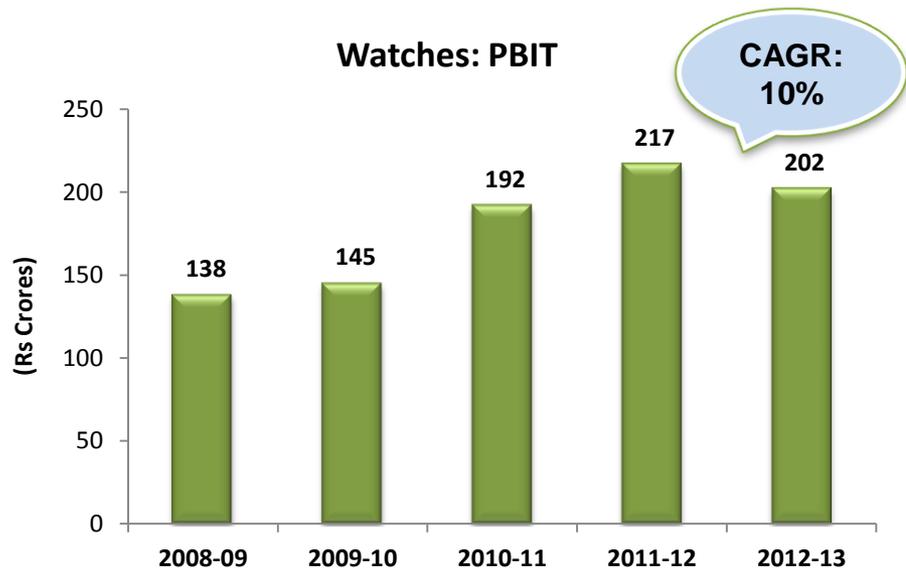
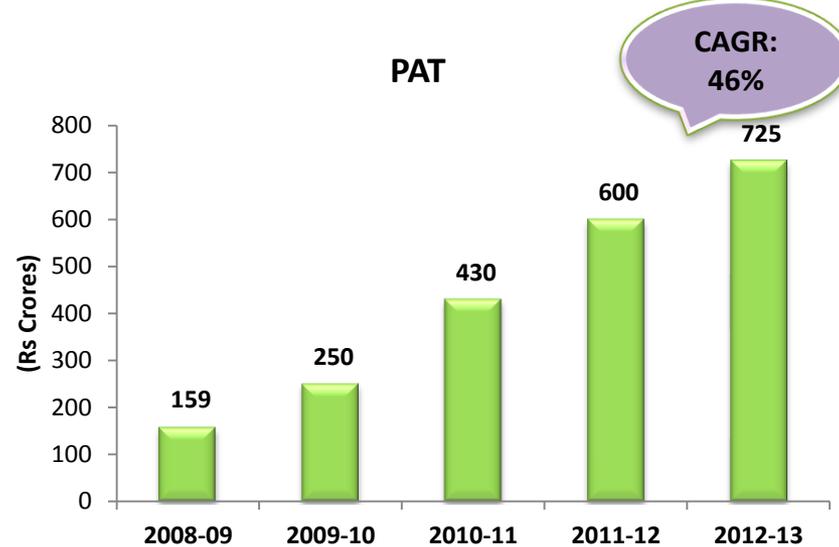
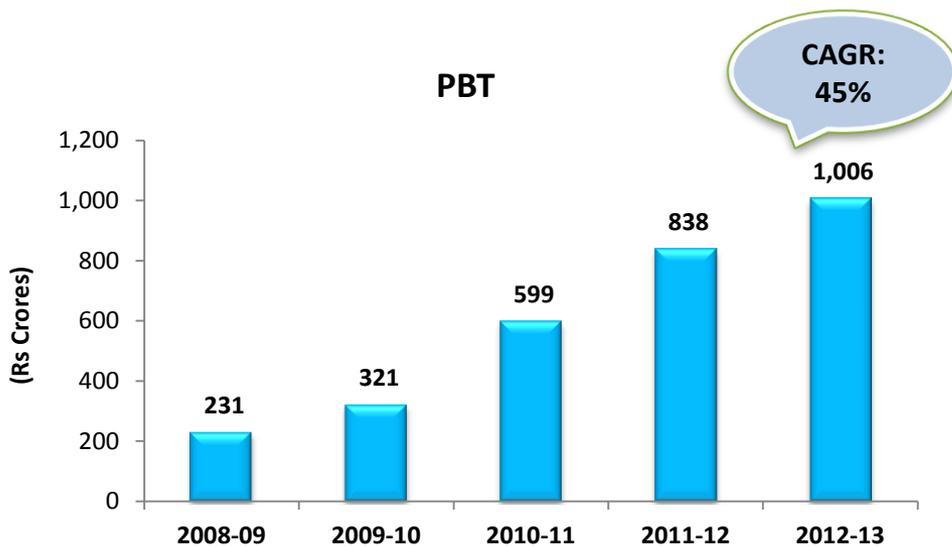
Others: EBIT and Margin



Performance Trends - Annual



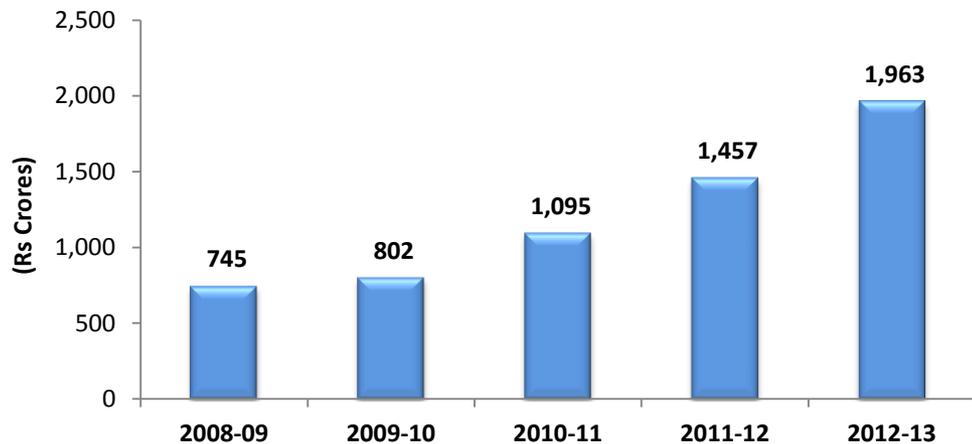
Performance Trends - Annual



Performance Trends - Annual

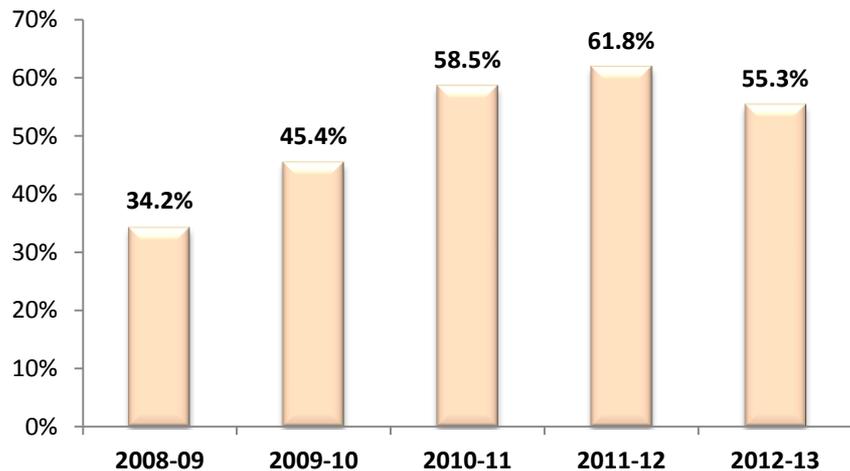


Capital Employed

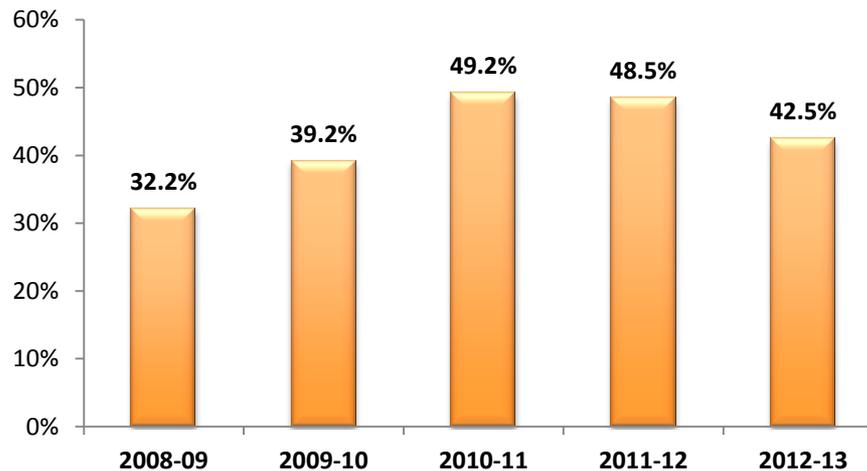


Cash balance up by Rs 1,082 Crores over the period

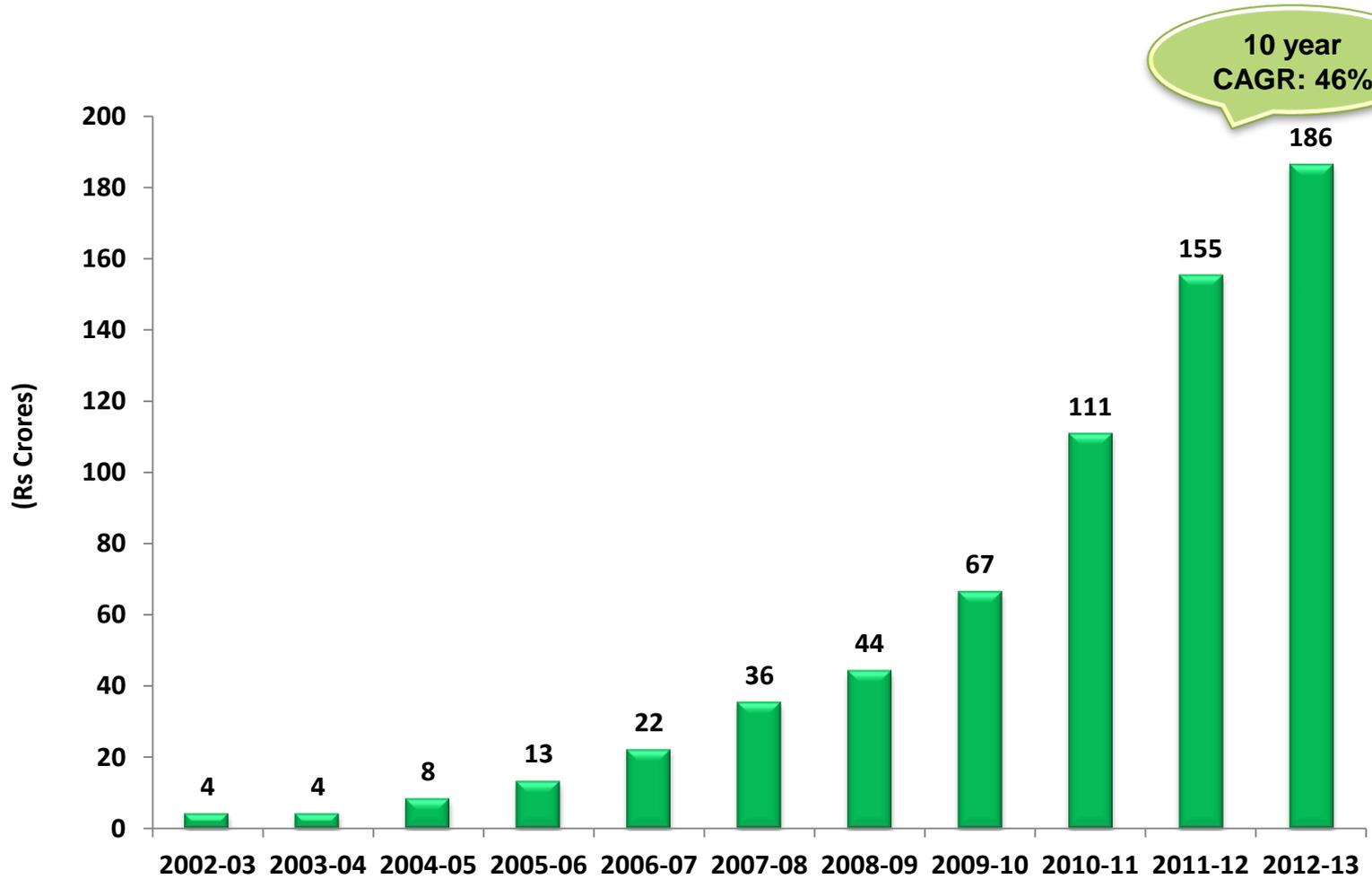
ROCE



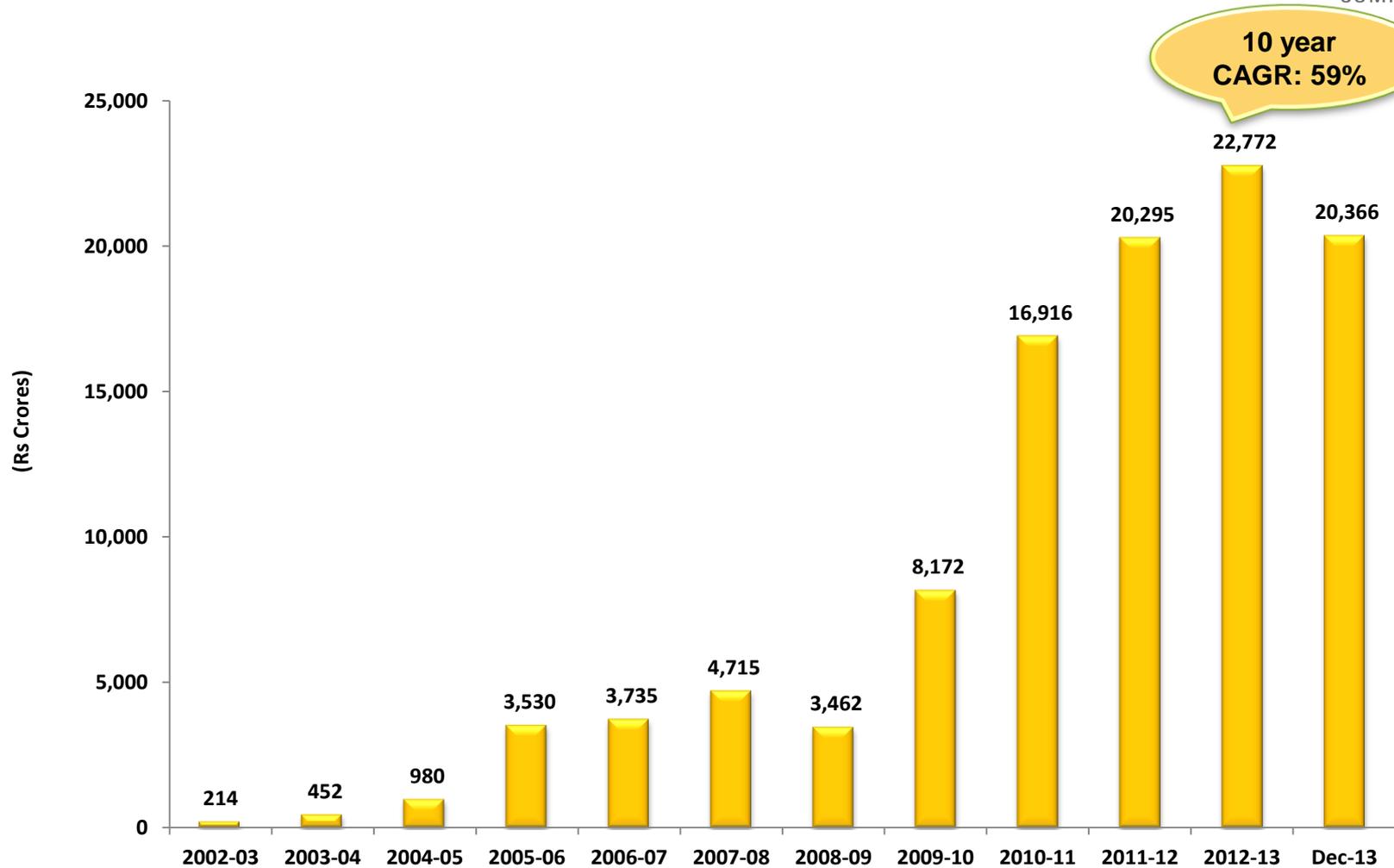
ROE



Dividend



Market Capitalisation



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

Sustainability @TITAN



- CSR focus on the most neglected and exploited sections of society and empowering them through education, health and employability related initiatives
 - Support Girl Child Education: the Titan Kanya Program covers close to 12,000 children
 - Titan Scholarship: 150 scholarships each year
 - Employability: support to ITI's and creation of employment oriented skill training; creation of Titan Skill institute in long run
- Continue to work with Women Self Help Groups and the Karigars of the Jewellery industry and transform their lives
- Climate Change
 - Continuous monitoring and working on carbon footprint reduction
 - Investment in Green energy: wind power at our Hosur plants; piloting solar applications
 - Our factories at Hosur are Zero discharge plants
 - Focus on piloting green retail stores and rooftop solar applications during current year

Recent Recognition



Corporate

- Titan continues to be in *Forbes Asia's* FAB 50 companies list for 2013
- Gold Award (the best in India) and Best-of-the-Best Award (among the top 5 in Asia Pacific) at the Retail Asia-Pacific Top 500 Awards 2013
- “Transformational Leader of the Year” Award for Mr Bhaskar Bhat, MD at Managing India Awards 2013 by AIMA

Watches

- CII award for Excellence in Energy management for the Watch Manufacturing Division, Hosur
- Sonata received recognition at the ABP Pitch Brands 50 Awards 2013
- Fastrack is placed 4th and Titan is placed 16th in the list of most exciting brands in India in the survey conducted by A C Nielsen and the *Economic Times* (Brand Equity)

Jewellery

- IIFT Fashion & Lifestyle Award 2013 for Tanishq
- IJ Jewellers Choice Award in the ‘Diamond Jewellery under 5L’ category for a necklace from ‘Ganga’ collection
- Designomics award for Mia product design and CII’s Best product design (Lifestyle category) award for Mia

Eyewear

- TRAINN (Trust for Retailers and Retail Association of India) Awards in the lifestyle category
- Qimpro convention award for best practices for its pioneering work on the Titan Vision Check (online)

Thank You