

Titan Company Limited

Delivering value by creating brands

January 2015



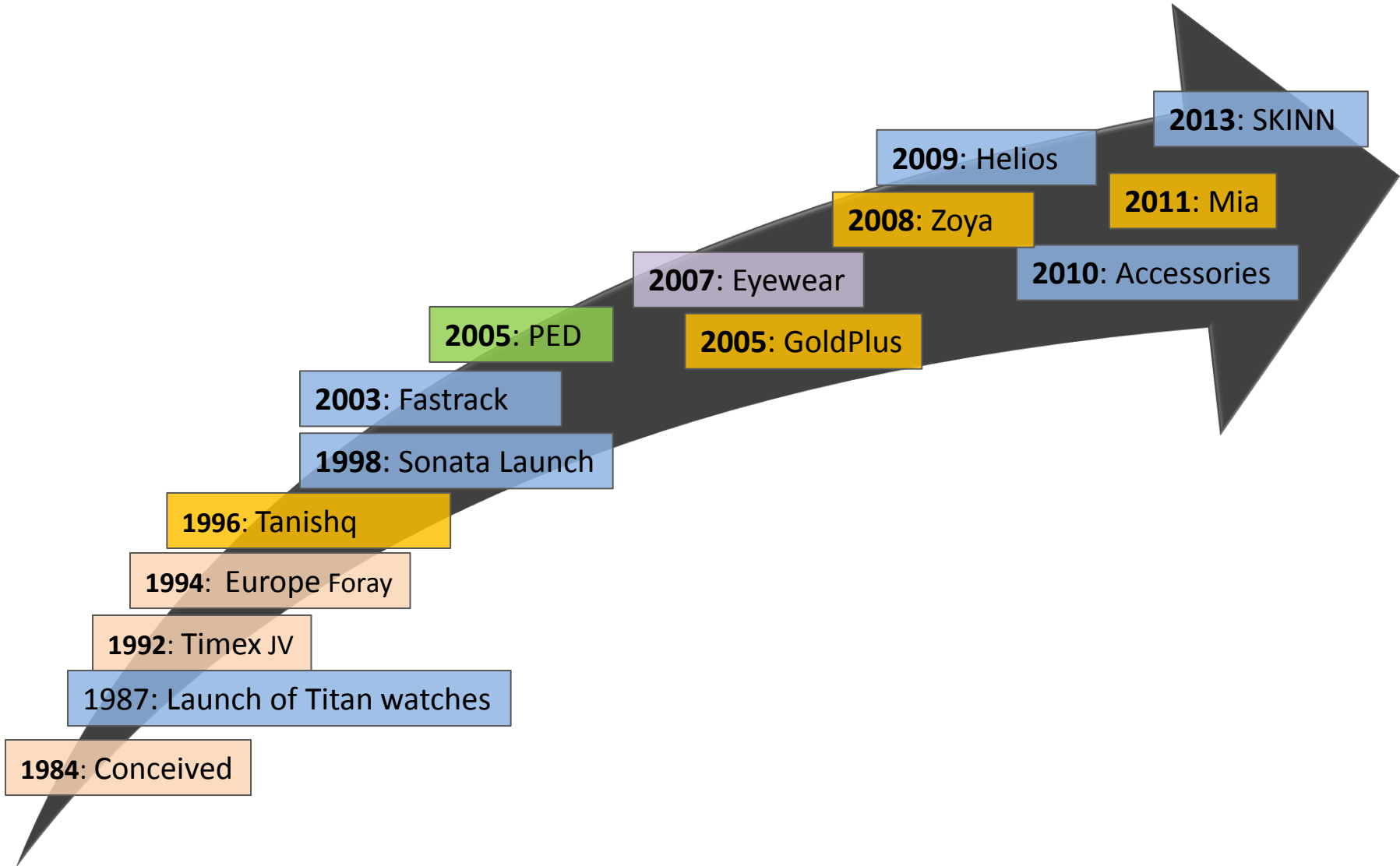
Disclaimer



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



xv|ys™
Swiss made



Mid Market



TANISHQ




Mia



Mass Market






India's largest specialty retailer



Luxury

ZOYA 3

Premium

HELIOS 43

Mid Market

WORLD of TITAN 426

TANISHQ 169

TITAN EYE+
WORLD CLASS OPTICAL STORES

341

Service Centres

716

fastrack 157

Mass Market

GOLDPLUS 33
from TATA

1,172 Exclusive stores

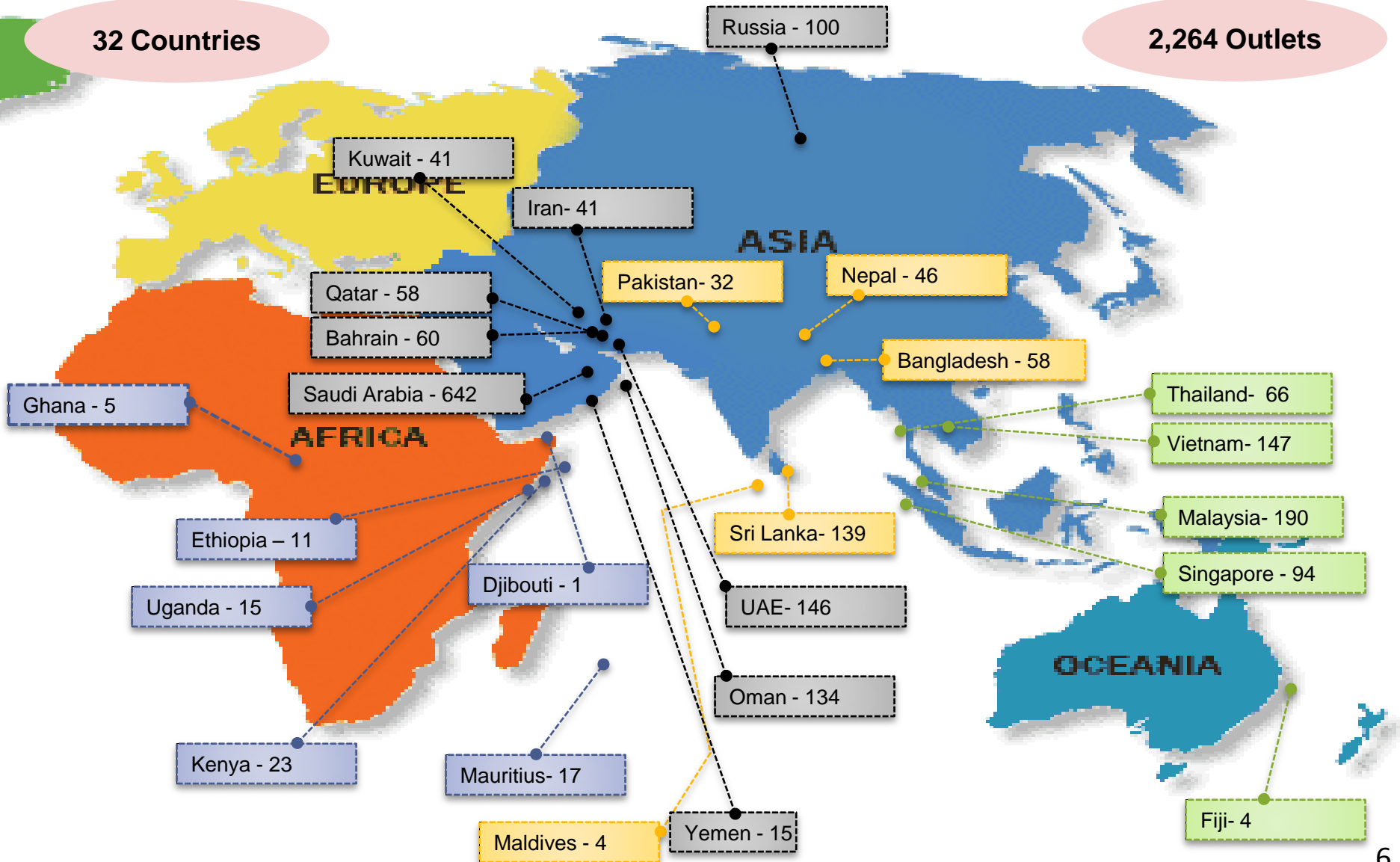
218 Towns

Over 1.56 million sft
of retail space

International presence

32 Countries

2,264 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: 1,172 stores with over 1.56 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”
- 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

 WORLD of TITAN	<ul style="list-style-type: none">• 426 showrooms (25 added YTD)• 187 towns – 414k sft
	<ul style="list-style-type: none">• 157 stores / kiosks (7 added YTD)• 81 towns – 92k sft
	<ul style="list-style-type: none">• 43 stores (6 closed YTD)• 21 towns – 55k sft
Service Centres	<ul style="list-style-type: none">• 716 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">• 2,264 outlets• 32 countries

Jewellery



ZOYA

TANISHQ

GOLDPLUS
from TATA

Mia

fq
TEEN
DIAMONDS
by TANISHQ



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 –
Gift vouchers, Gold
exchange schemes

Jewellery Distribution



TANISHQ

- 172 stores including 3 Zoya stores (7 added YTD)
- 710k sft (71k sft added YTD)
- 95 towns



GOLDPLUS
from TATA

- 33 stores
- 81k sft
- 33 towns

Eyewear & Precision Engineering



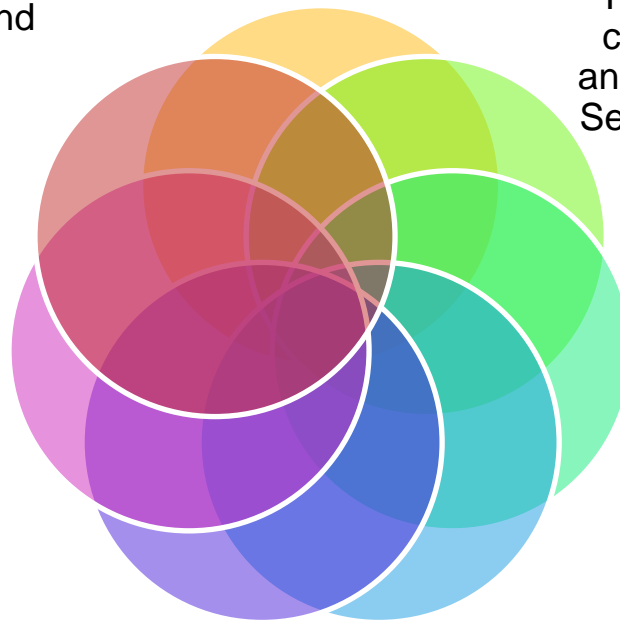
Eyewear

India's largest optical retail chain
- 341 retail outlets, 120 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

Q3 Performance

Q3 Background

- Improved customer sentiment yet to translate into higher spends
- While 80:20 rule for gold imports was relaxed, lack of clarity on credit still continues
- Average gold price declines by 6% during the quarter
- Focus on retail network expansion continues – 36 stores (36k sft) added during the quarter across divisions. Year-to-date addition of 94 stores (113k sft)
- Launch of Skeletal Edge O2 - slimmest and lightest Titanium watch in the world
- Sonata SF smart sport collection launched
- Tanishq launched Farah Khan collection
- Titan Eyeplus launched “Enigma” collection designed for women and “Adreno” collection of sporty frames for men
- Launch of Fastrack “Slims” collection of ultra thin light weight sunglasses
- E-commerce portal (<http://titan.co.in>) started offering international shipping for select range of jewellery products

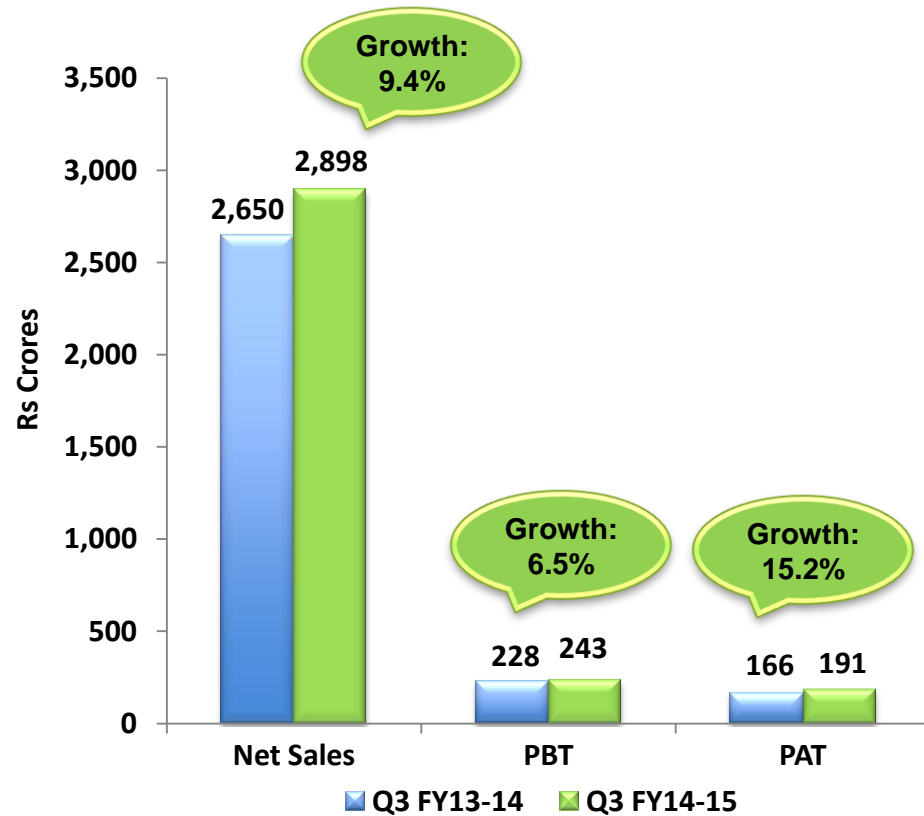
Q3 - Retail growth

	Sales value growth	Like to like growth
World of Titan	0%	-3%
Tanishq	-4%	-8%
Goldplus	30%	30%
Helios	-3%	4%
Fastrack	3%	-6%
LFS	2%	-5%
Titan Eye+	22%	9%



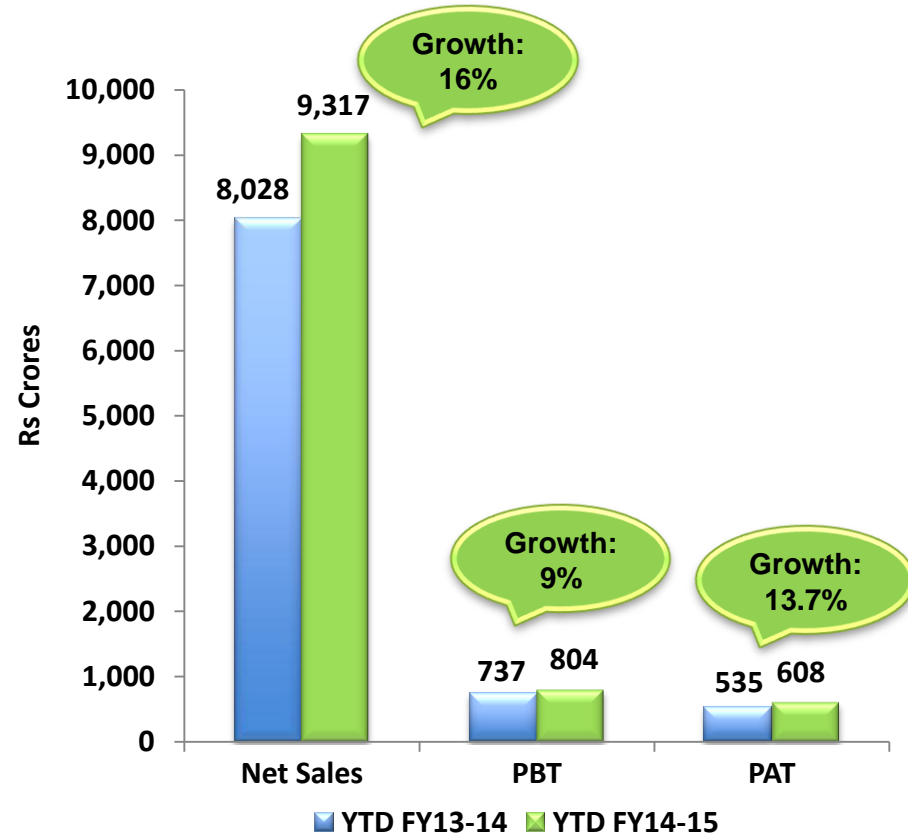
Company performance

Q3 Performance



- Sales growth of 9.4% achieved despite lack of redemptions from Golden Harvest scheme in Jewellery business
- PBT margin declined from 8.6% to 8.4% due to slightly lower GC margin in Jewellery
- Lower tax rate due to higher tax benefits from Pantnagar jewellery plant

YTD Performance

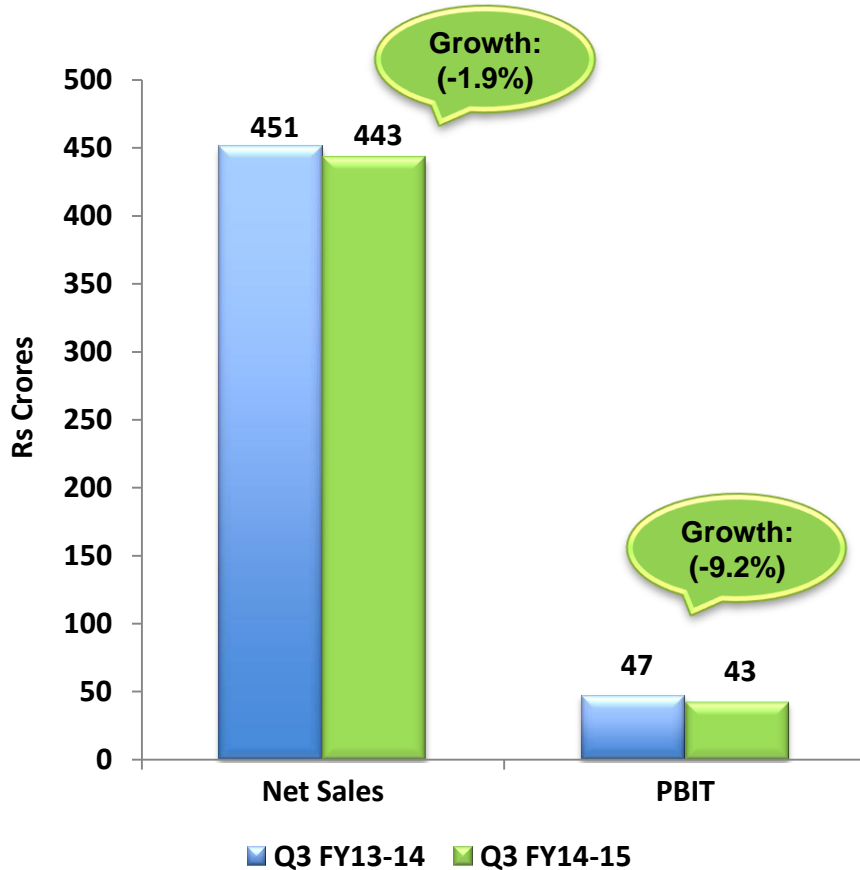


- Lower growth in Q3 revenues moderate the high sales growth in Q2 due to GHS redemption
- PBT margin declined from 9.2% to 8.6% as interest income fell on lower average cash balances



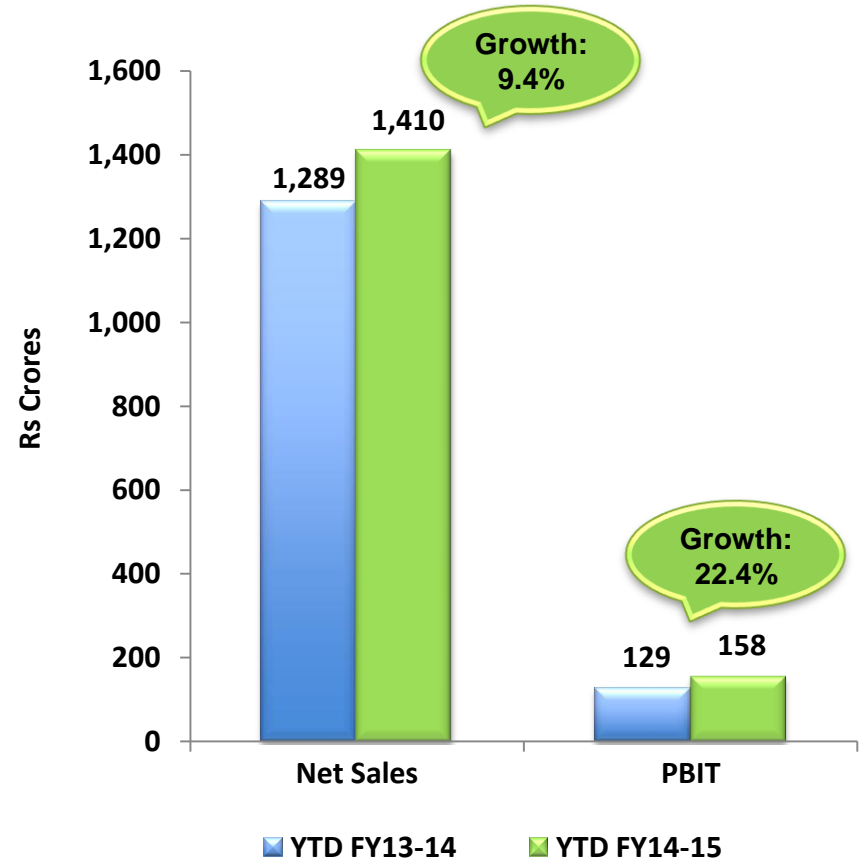
Watches

Q3 Performance



- Volume growth: (-4%) as festival season was damp
- Revenue drop contained due to higher prices
- PBIT margin declined from 10.4% to 9.7% due to negative operating leverage

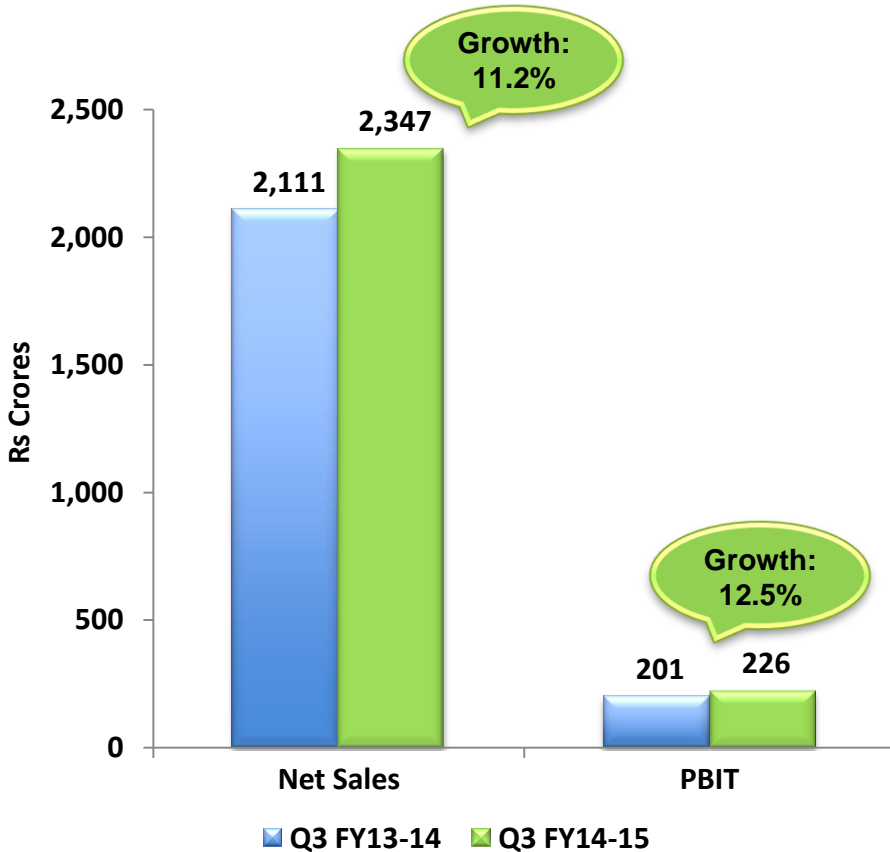
YTD Performance



- Volume growth: 5%
- PBIT margin improved from 10.0% to 11.2% - result of higher GC margin and focus on cost optimisation

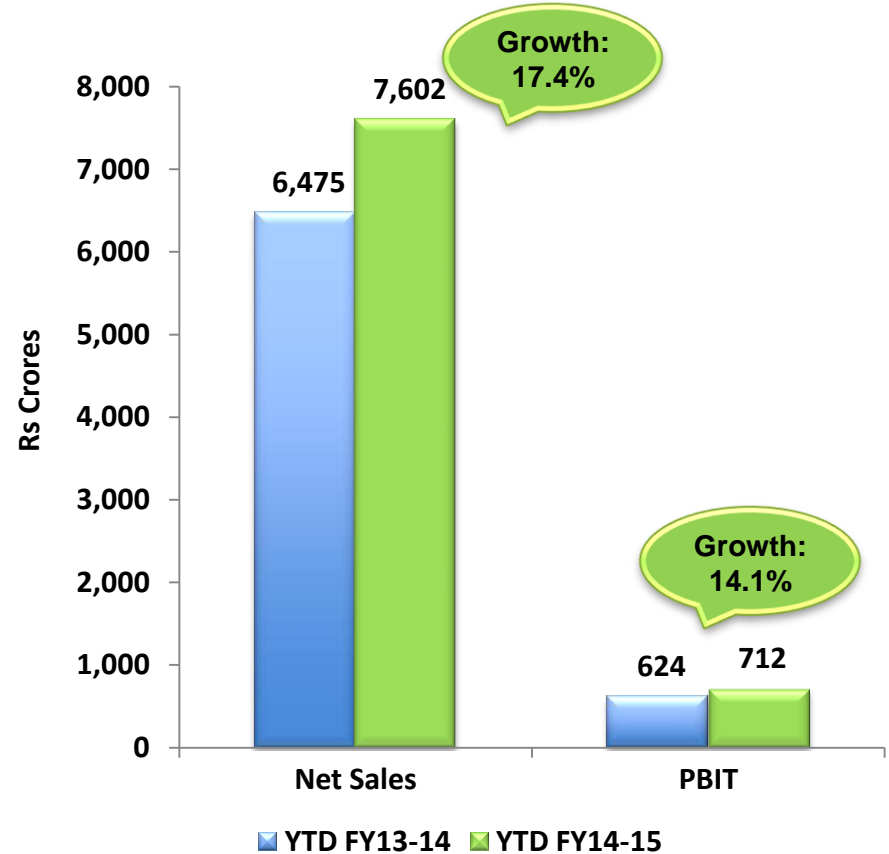
Jewellery

Q3 Performance



- Sales growth (excl coins): 3%
- Customer growth: 8%
- Grammage growth: 25%, excluding coins: 11%
- Studded jewellery share: 26% (Prev year: 27%), studded revenue growth: 4%
- Hedging benefits to come in fully in Q4

YTD Performance

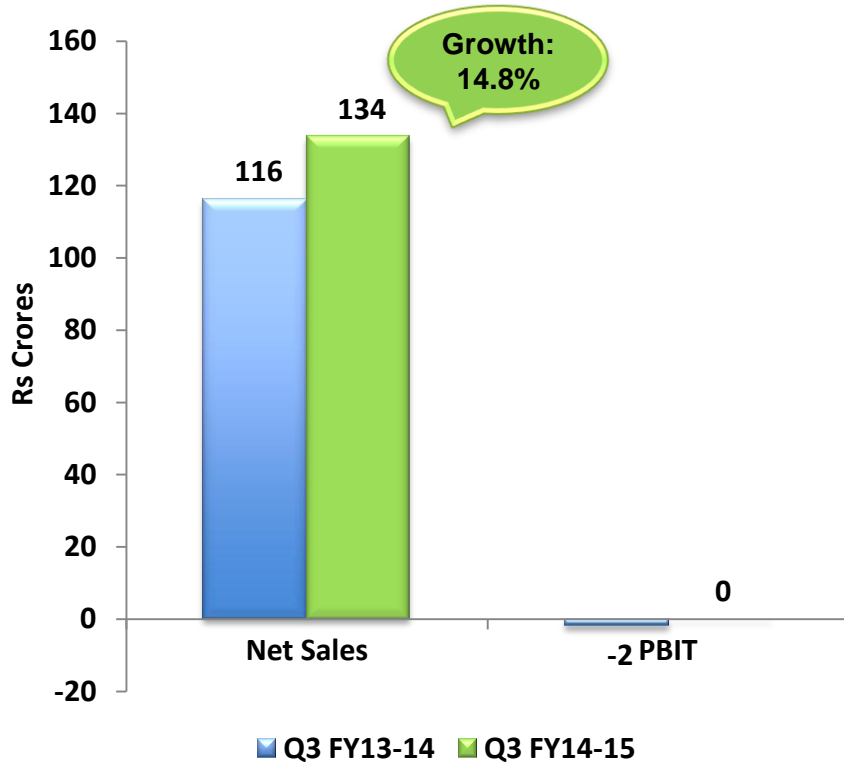


- Sales growth (excluding coins): 16%
- Customer growth: 19%
- Grammage growth: 13%; excluding coins: 11%
- Share of studded jewellery: 29% (Prev year: 26%)
- GC margins in the previous year higher due to significant customs duty gains



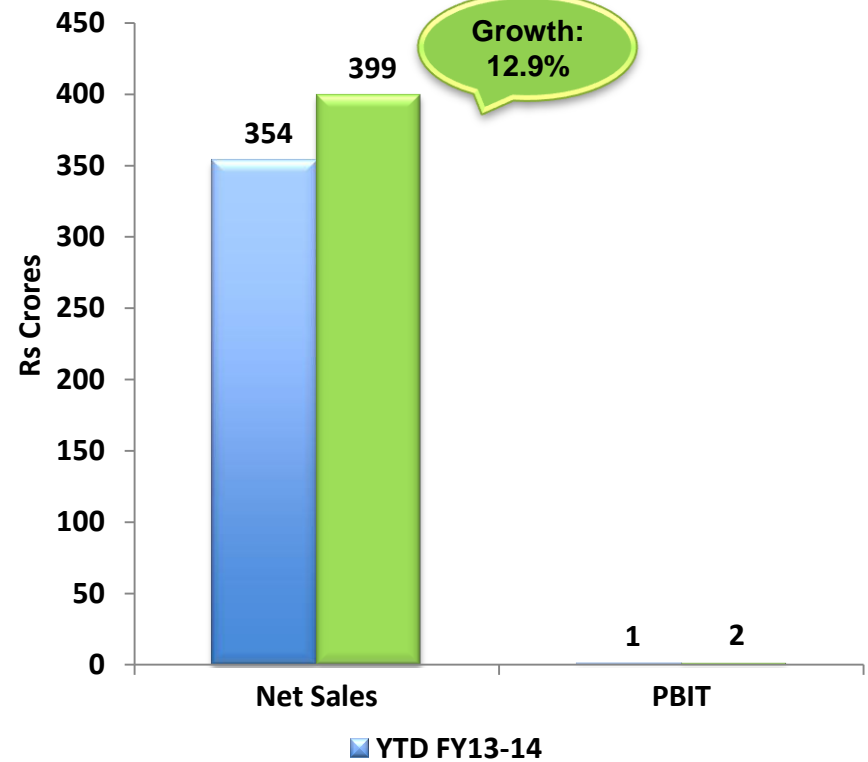
Others Segment

Q3 Performance



- Eyewear revenue growth: 22%
- PED revenue growth: 23%

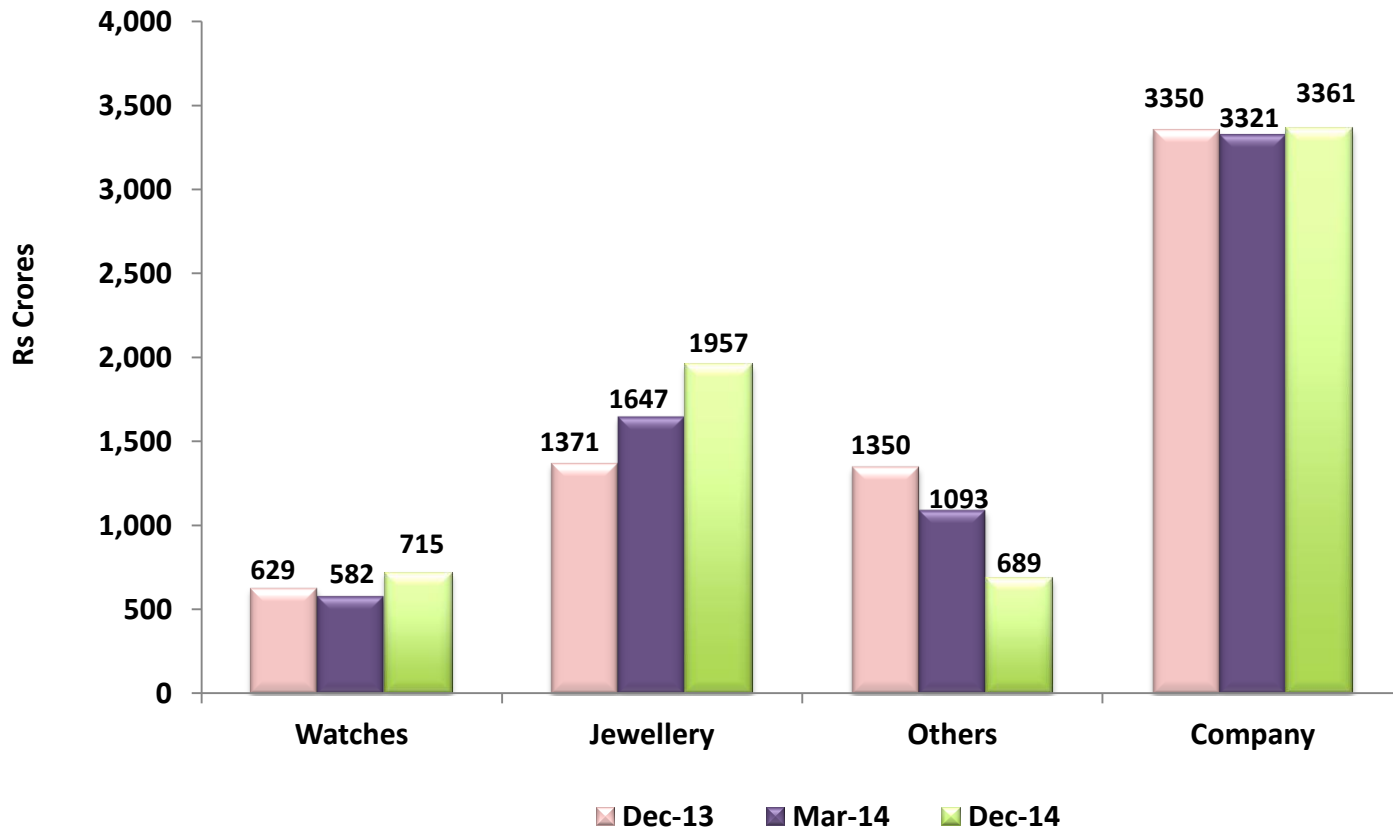
YTD Performance



- Eyewear revenue growth: 26%; Eyewear business profitable
- PED revenue growth: 4% - affected by delays in customers taking possession in the MBA business



Capital Employed

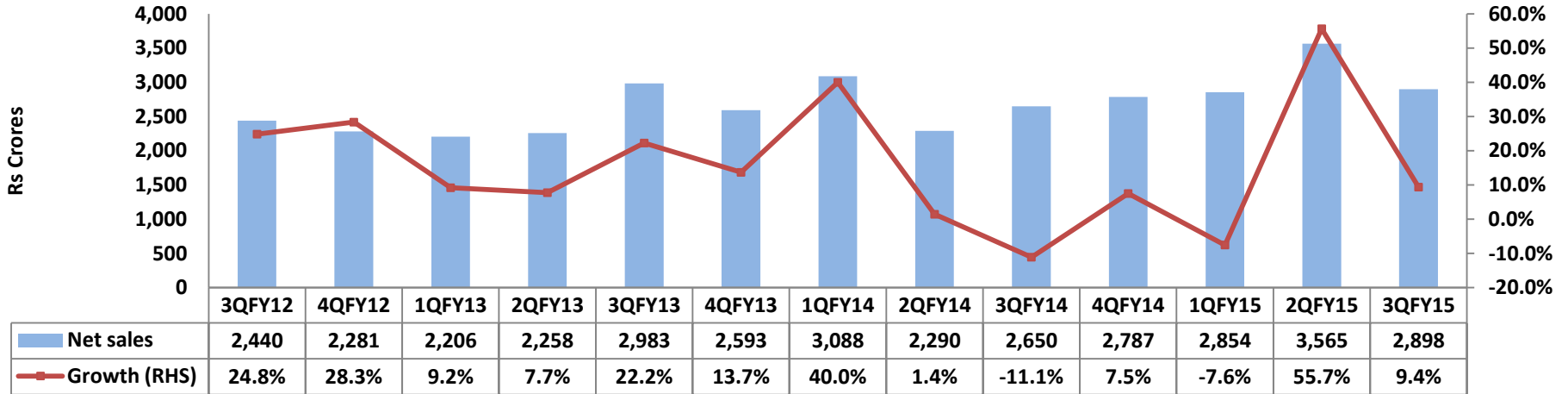


As per management review numbers, capital employed for Jewellery was Rs 2,245 cr in Dec'14, Rs 2,301 cr in Mar'14, Rs 1,976 cr in Dec'13 - difference from published figures due to reclassification of cash to "Others" segment from Q4 FY 2013-14

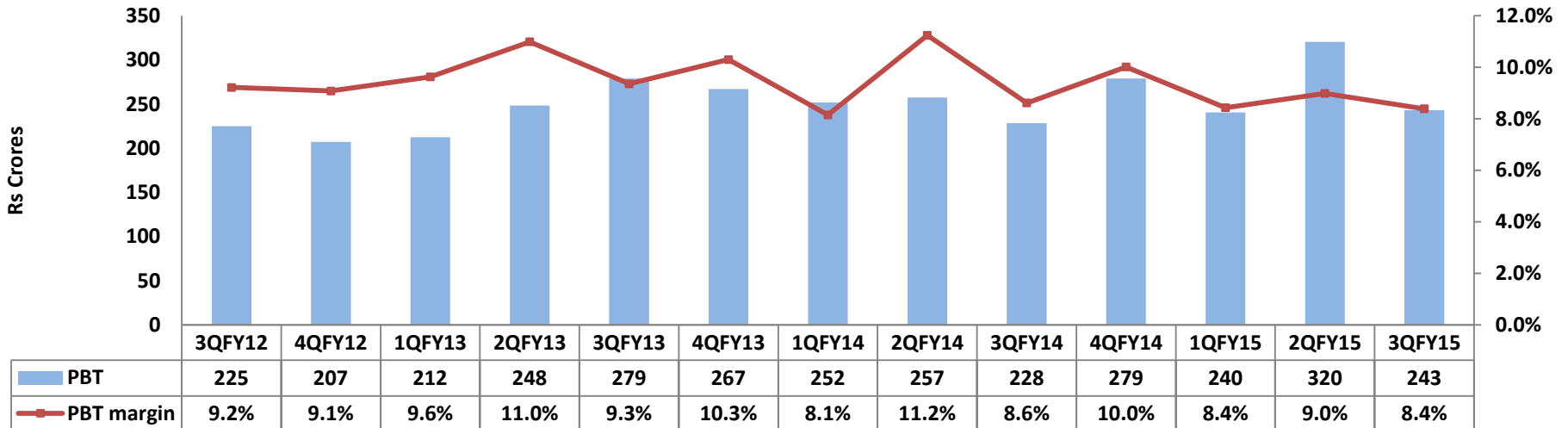


Performance Trends - Quarterlyly

Company : Net sales

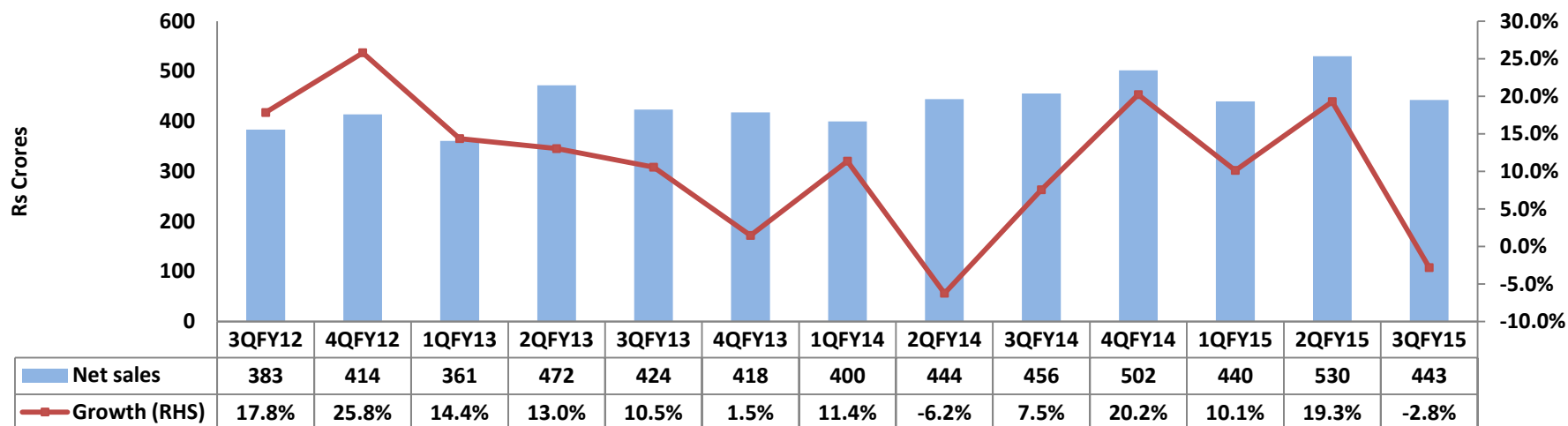


Company : PBT and Margin

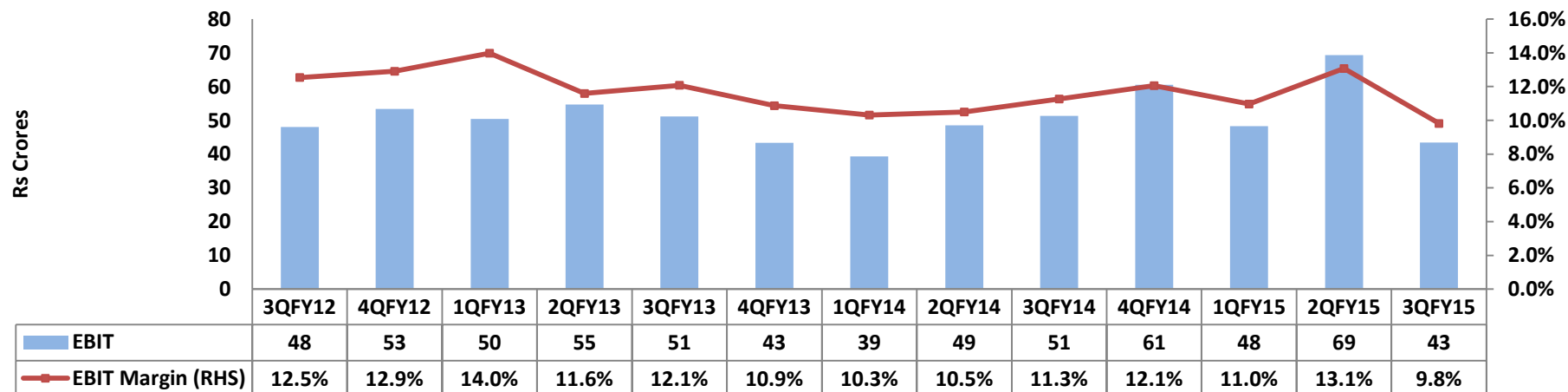


Performance Trends - Quarterly

Watches: Net Income



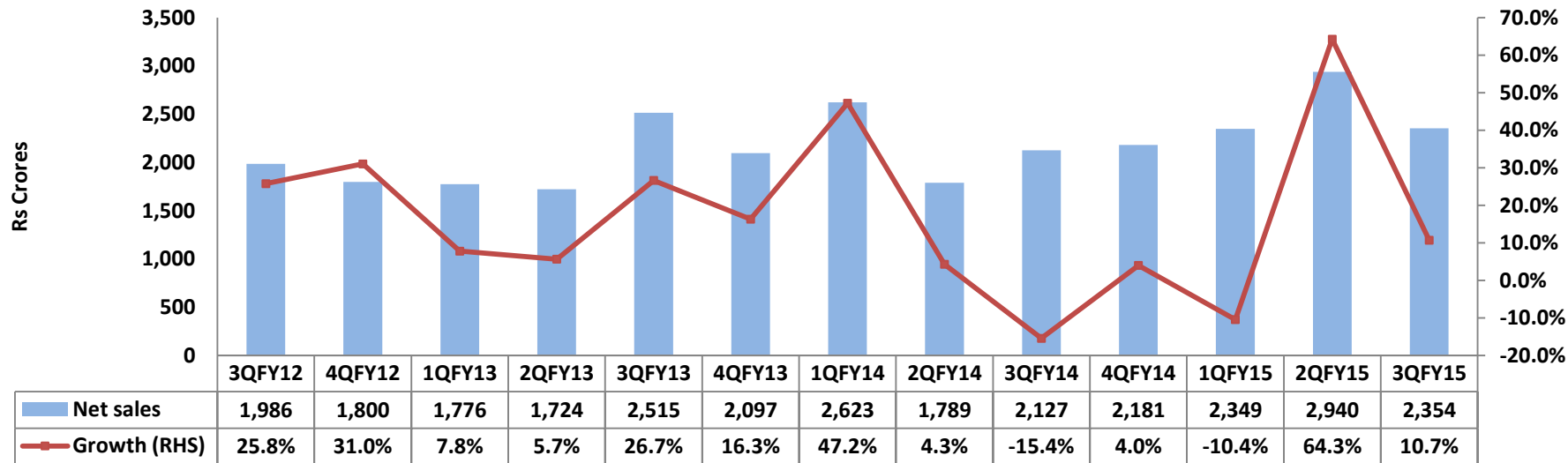
Watches: EBIT and Margin



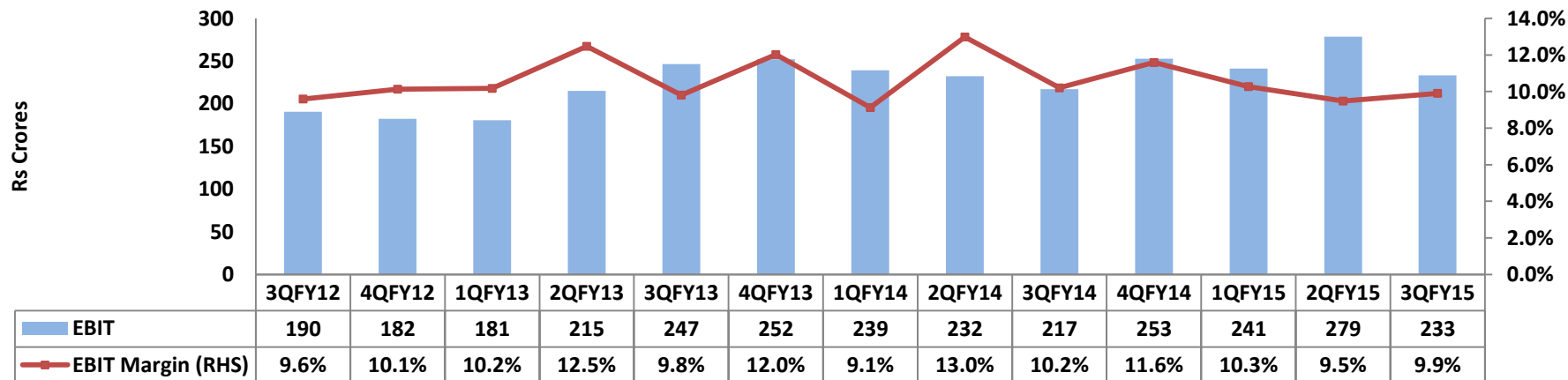
Note: EBIT as per management review numbers

Performance Trends - Quarterly

Jewellery: Net Income



Jewellery: EBIT and Margin

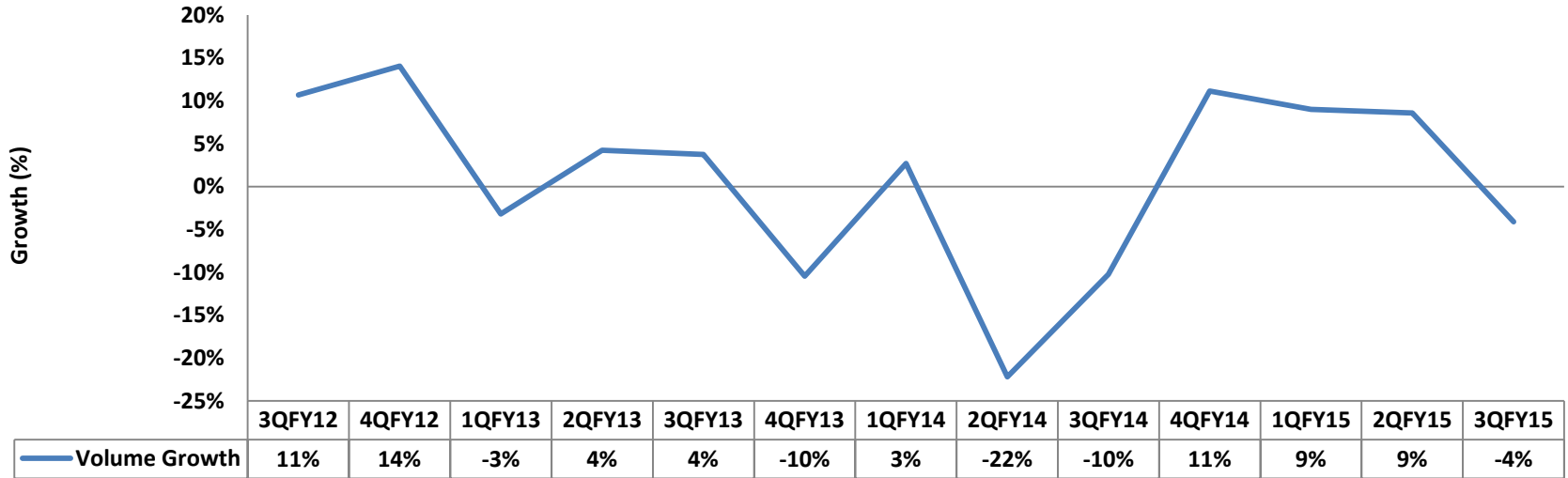


Note: EBIT as per management review numbers

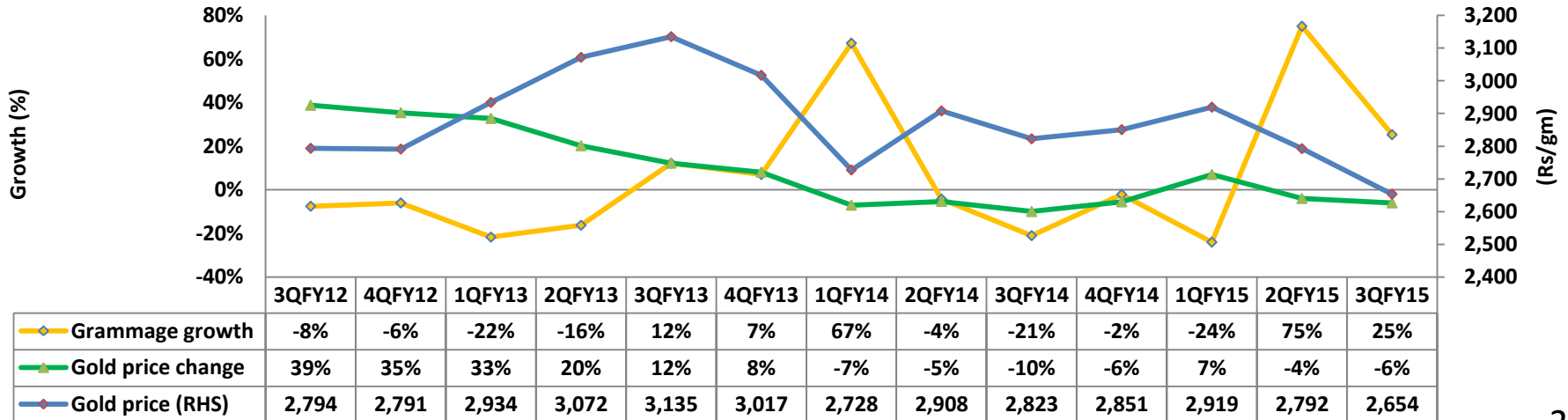


Performance Trends - Quarterlyly

Watches: Volume growth



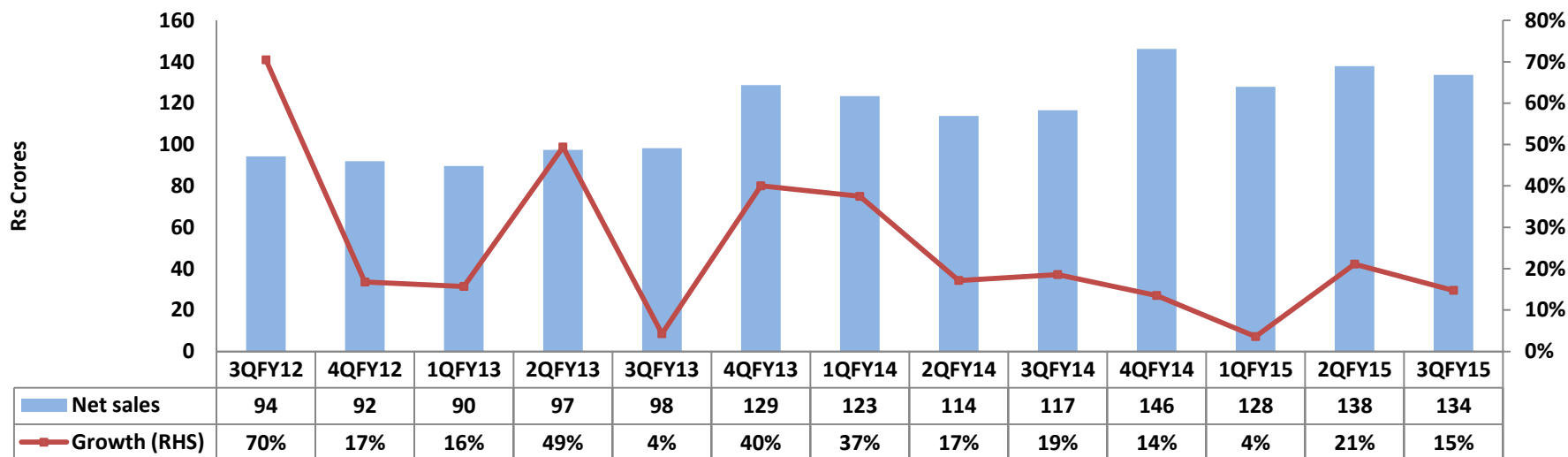
Jewellery: Gold price and Grammage growth



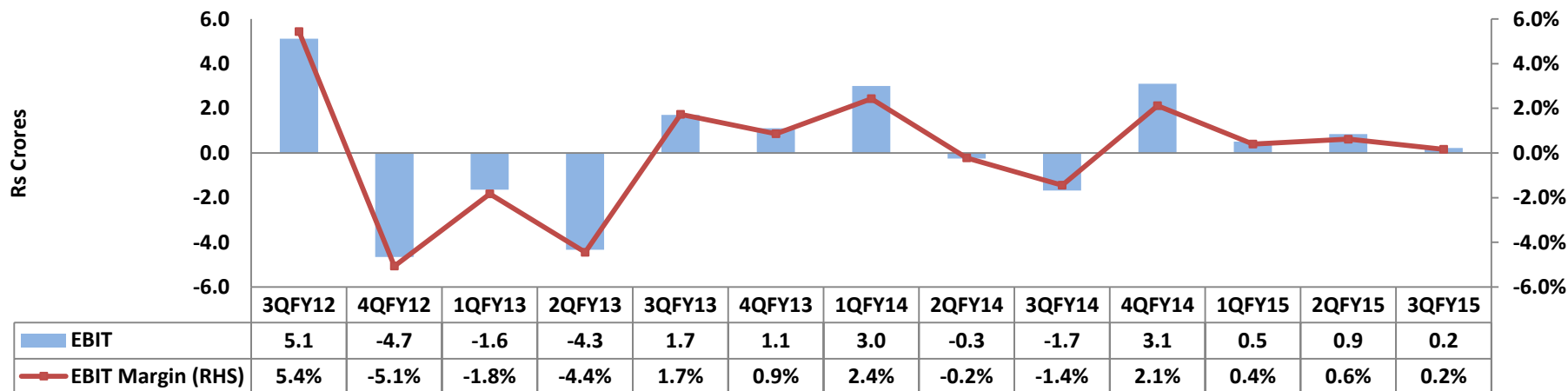


Performance Trends - Quarterly

Others: Net Income



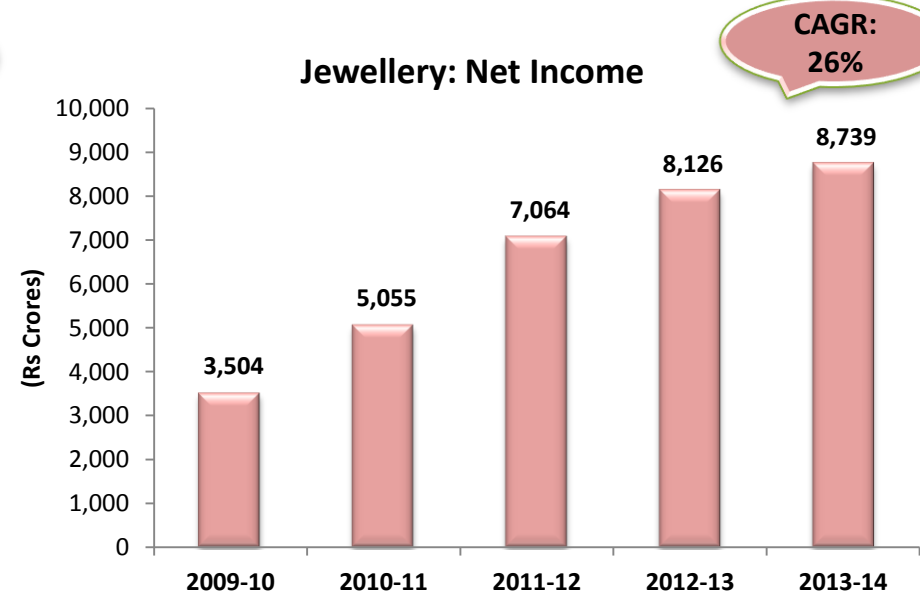
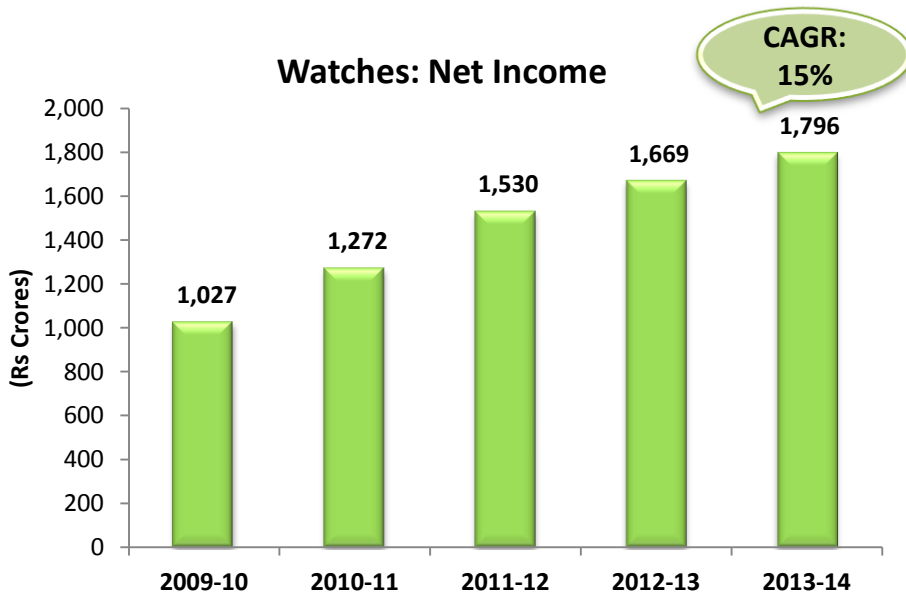
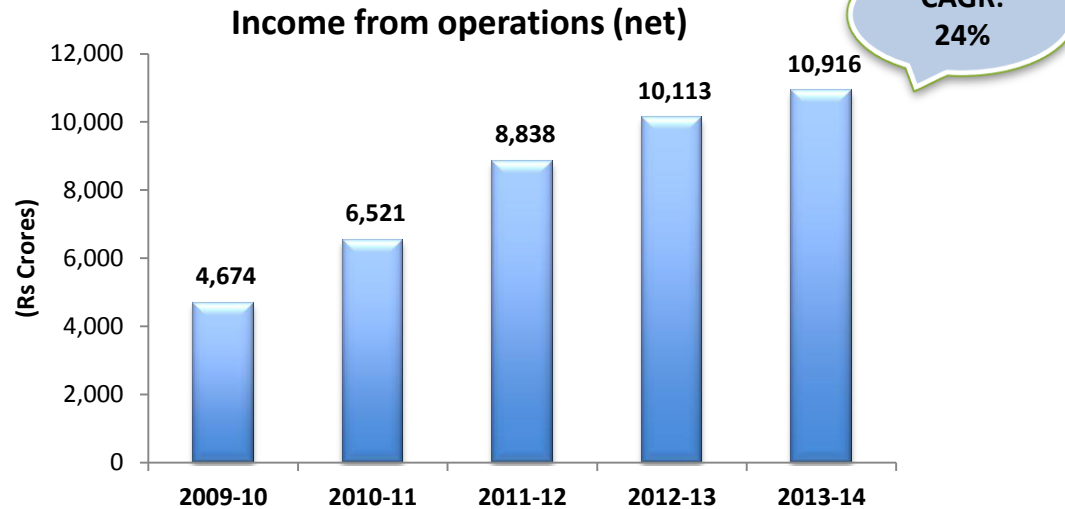
Others: EBIT and Margin



Note: EBIT as per management review numbers



Performance Trends - Annual



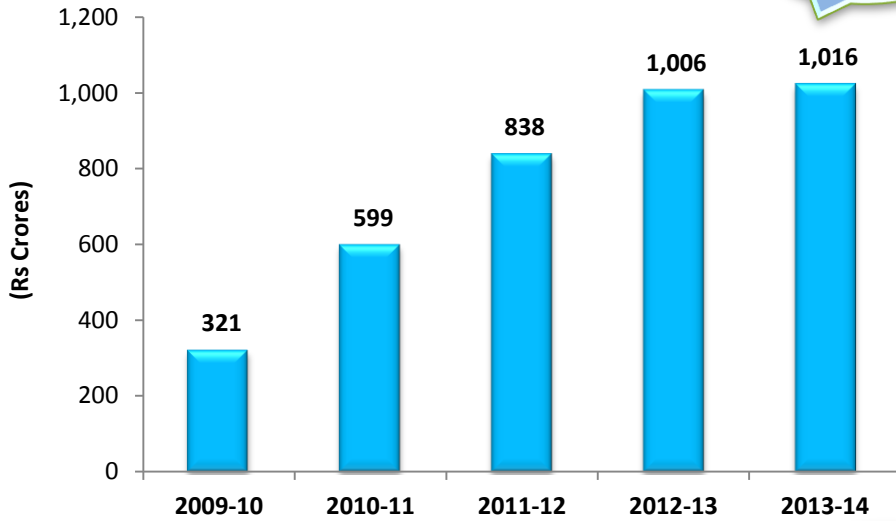
Note: Numbers as per management review



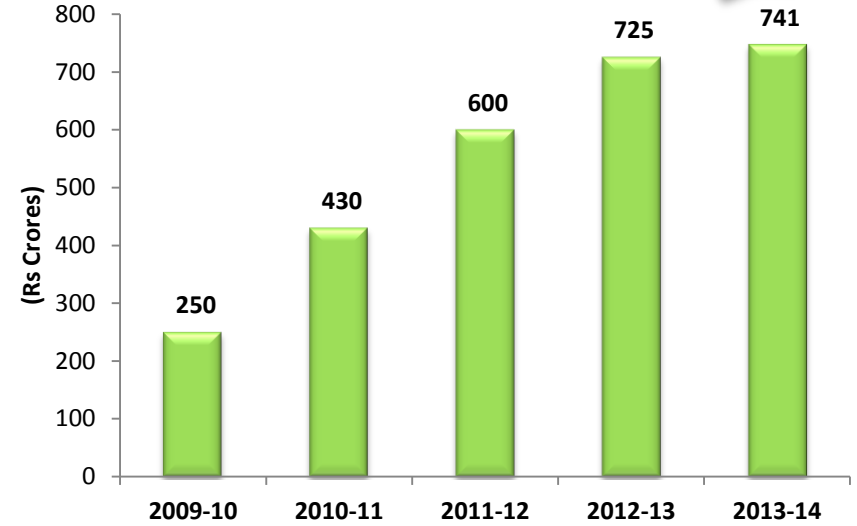
TITAN

Performance Trends - Annual

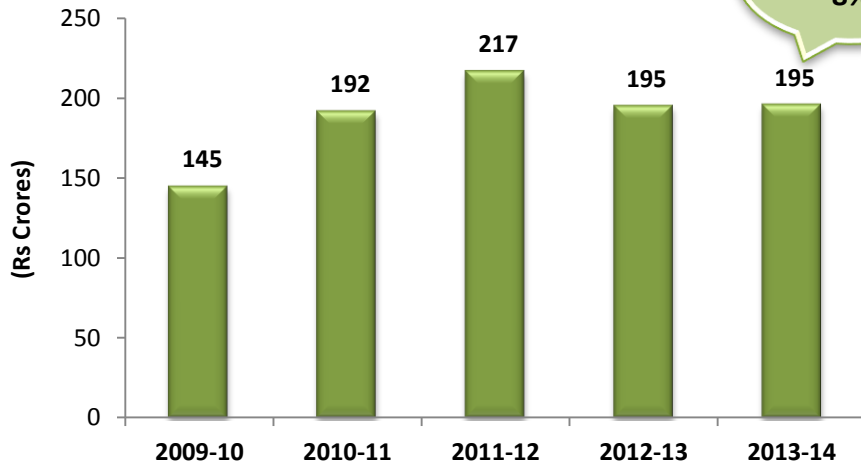
PBT



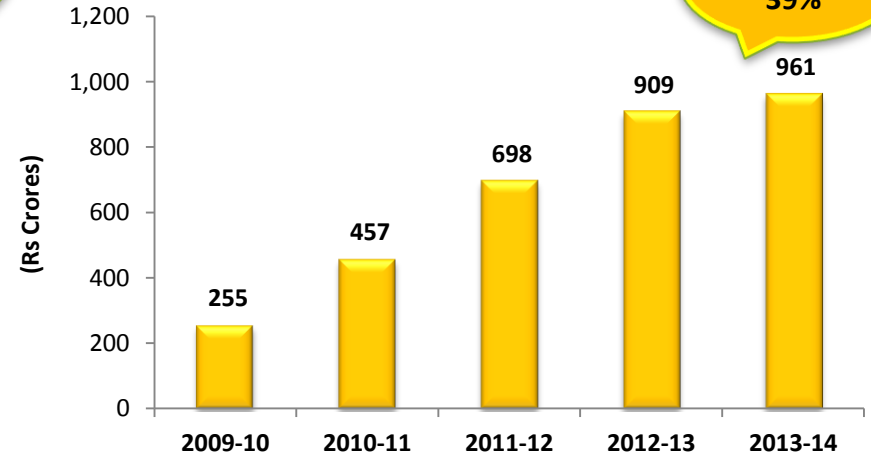
PAT



Watches: PBIT



Jewellery: PBIT

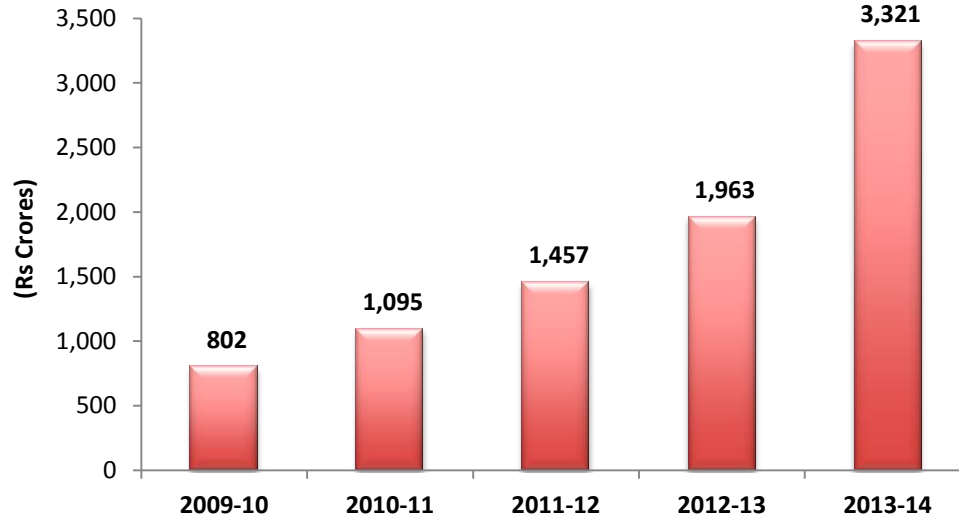


Note: Numbers as per management review



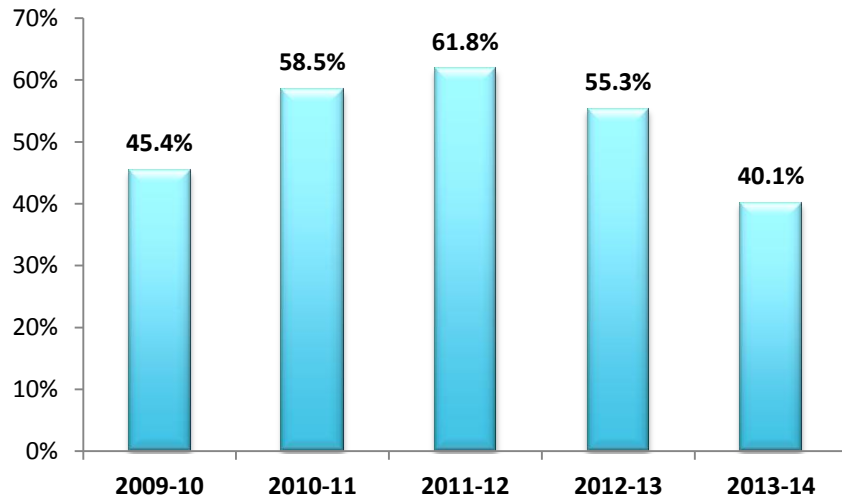
Performance Trends - Annual

Capital Employed

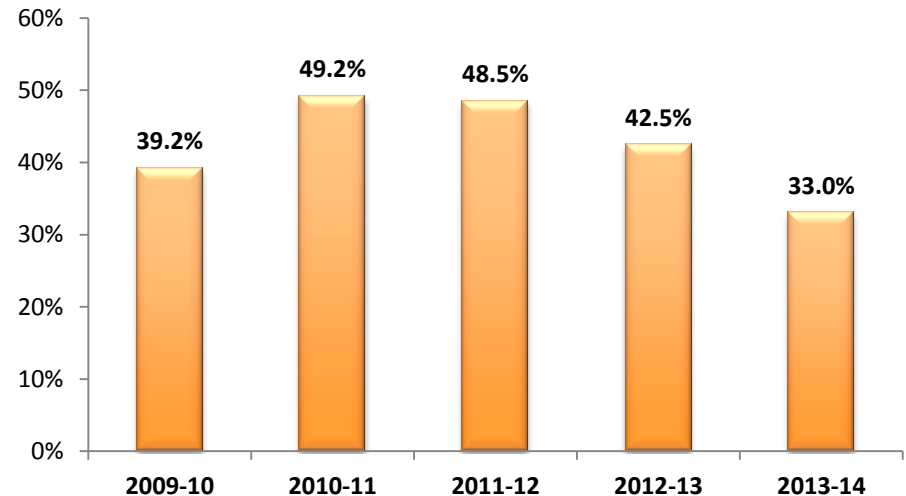


- Suspension of Gold on lease increases Capital Employed sharply
- Cash balance up by Rs 702 crores over the period

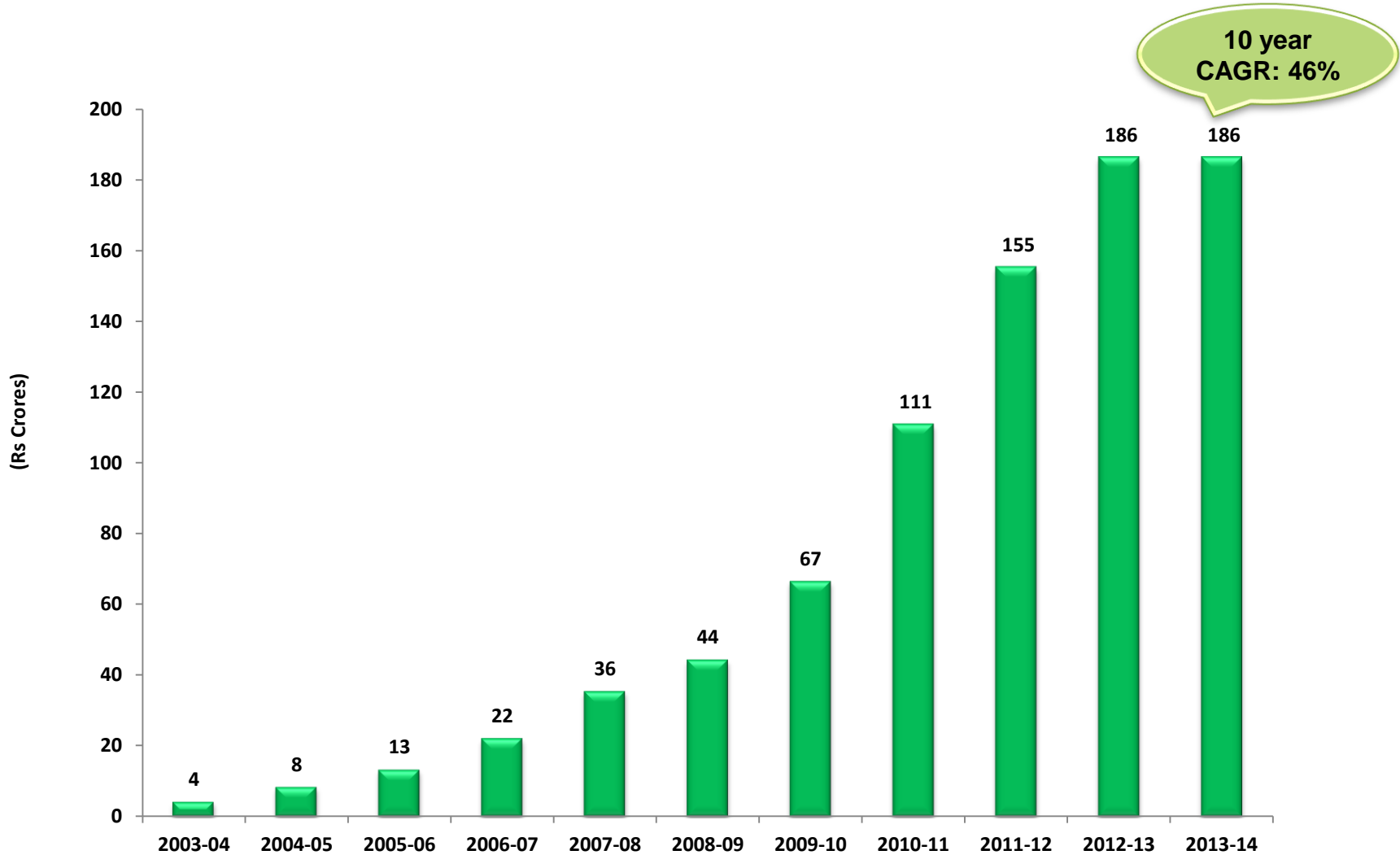
ROCE



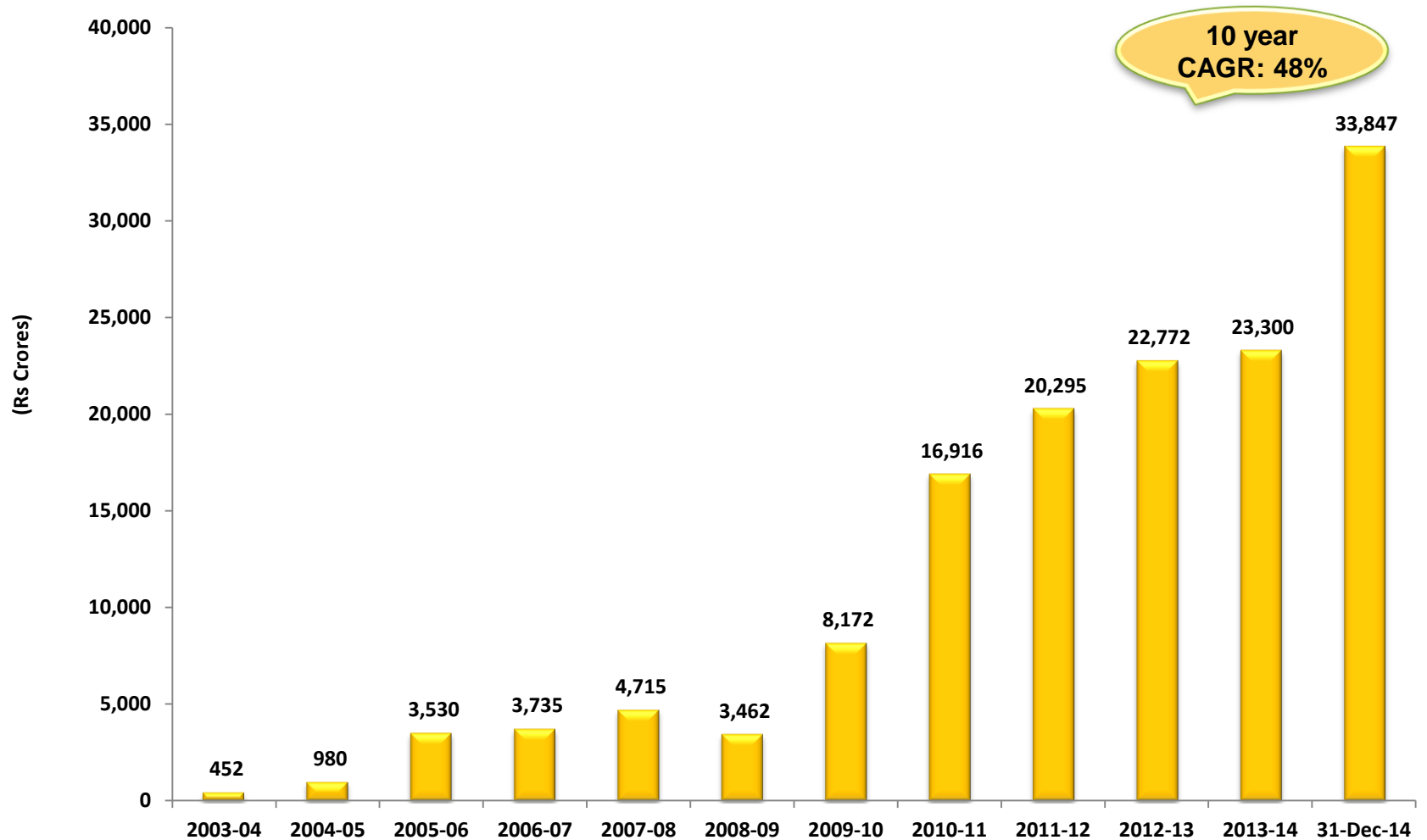
ROE



Dividend



Market Capitalisation



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

*Titan Company envisages empowering the underprivileged, neglected and weaker sections of society in those locations where it has significant influence through interventions in **Education, Employability, Skill Building and Arts & Crafts**, leading to meaningful and sustainable change.*

- **Current initiatives**

1. Supporting Girl Child Education: the Titan Kanya Program. Currently covers 12,000 children. Going forward, this will be an integrated program with multiple interventions through education, livelihood, skilling etc.
2. Supporting Affirmative Action through Education - Tribal school children, Titan scholarships
3. Employability: Support to ITIs, Creation of Titan Skill Institute, work with NSDC to create Titan Standards of excellence across Industry segments
4. Exploring arts, crafts and culture, leveraging core competencies of Titan
5. Eye care for the needy: Partnering with Institutes of National Repute – will touch 150,000 lives in the first year
6. Partnering and working towards rehabilitation efforts in Uttarakhand with Tata Relief Committee and Uttarakhand Government
7. Supporting the Swachh Bharat Mission – toilet facility construction in about 100 schools in Tamilnadu / Karnataka

Recent Recognition

Corporate

- Selected as Best Employer for “National award for the Empowerment of persons with Disabilities – 2014” by Government of India
- Titan ranked among the 100 most sustainable corporations in Asia in the Channel NewsAsia Sustainability Ranking 2014
- Top Indian company award under the sector Gems and Jewellery at the Dun & Bradstreet Corporate Awards 2014

Watches

- “Good Design Award 2014” by Design Council of Japan for Skeletal Edge
- "Best product design of the year- Watches and Jewelry " award by Red Dot for Edge skeletal for 2014
- Bronze medal at the Indian Effies Awards for Fastrack
- Sonata received recognition at the ABP Pitch Brands 50 Awards 2013

Jewellery

- “Most admired retailer of the year” award in the Jewellery category by Images Retail Awards
- Global Awards for Excellence in Quality Management & Leadership by World Quality Congress for Tanishq
- Tanishq is the first Indian brand to enter the list of top 30 Best Retail Brands in Asia Pacific and stands at #13 as per Interbrand

Eyewear

- Gold and Silver awards at TRRAIN (Trust for Retailers and Retail Associates of India) Retail awards
- Qimpro convention award for best practices for its pioneering work on the Titan Vision Check (online)

Thank You



TITAN
COMPANY