

Titan Company Limited

Delivering value by creating brands

January, 2016



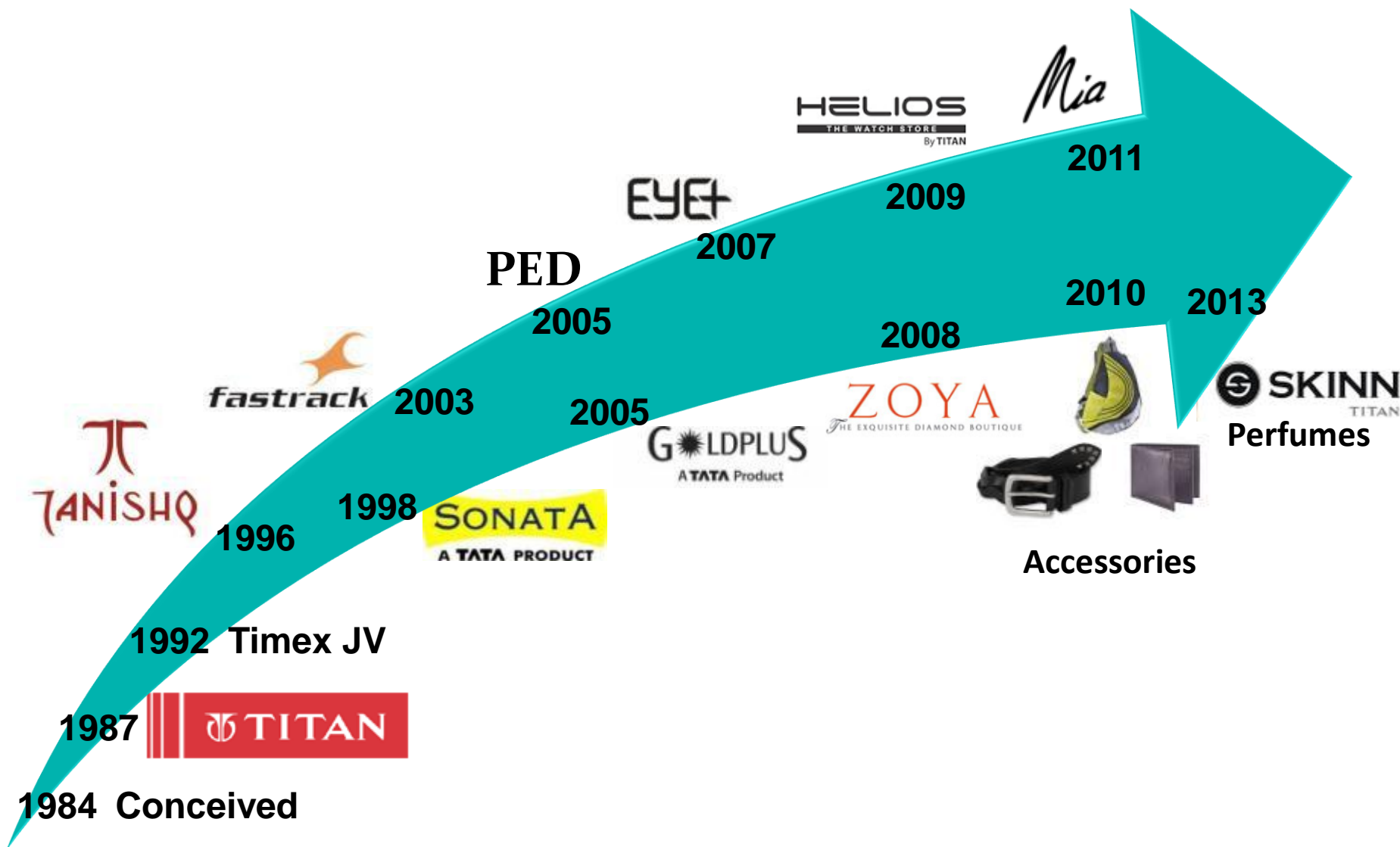
Disclaimer



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



India's largest specialty retailer



Luxury

ZOYA 2

Premium

HELIOS THE WATCH STORE By TITAN 41

TANISHQ 186

Mid Market

WORLD of TITAN THE EXCLUSIVE TITAN KNOWLEDGE 446

TITAN EYE+ 399

Watch Care Centres 695

fastrack 159

Regnl Offering

GOLDPLUS A TATA Product 33

1,266 Exclusive stores

244 Towns

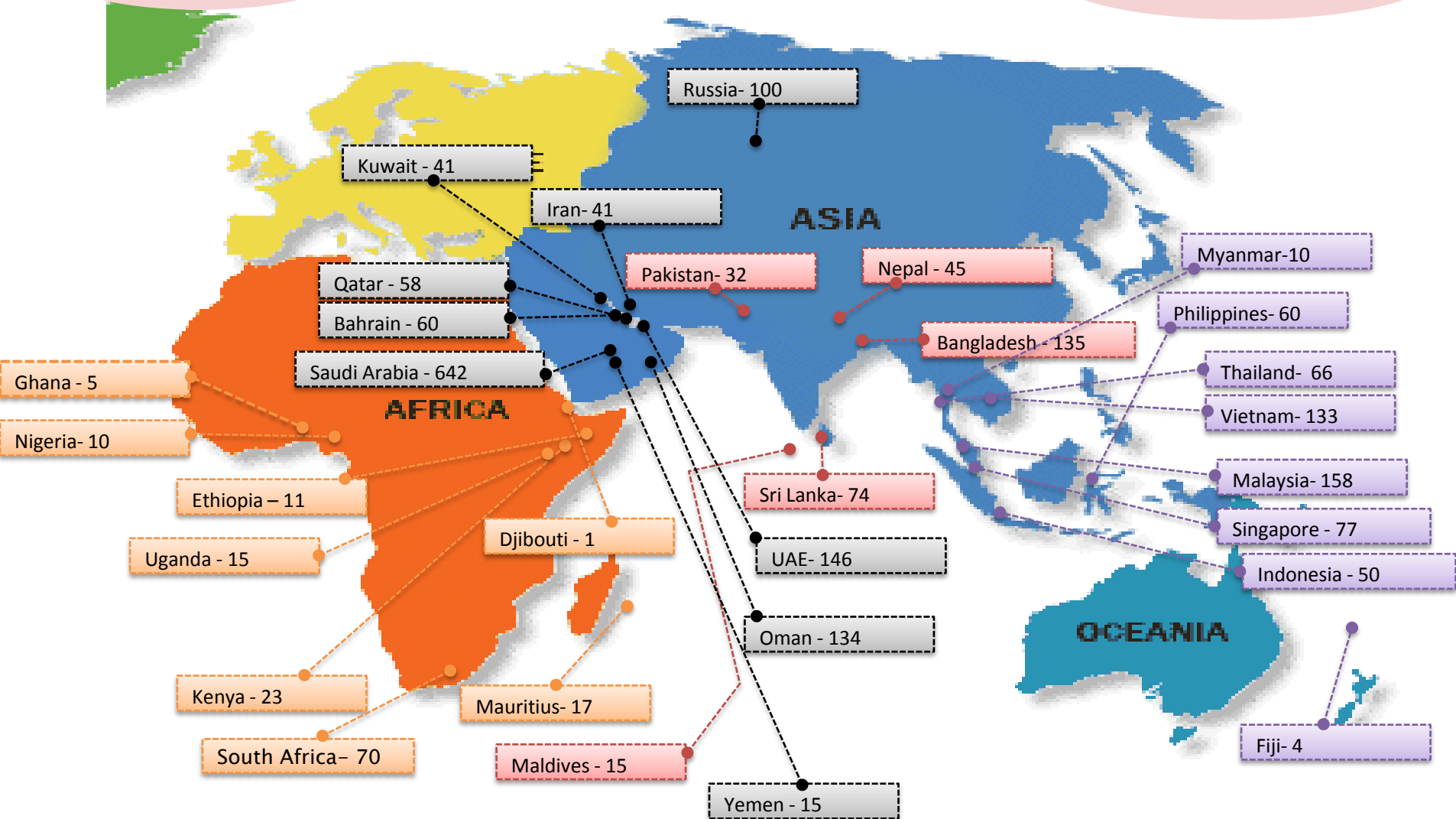
Over 1.68 million sft of retail space



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



Xyllys: Swiss made watches, Crafted for Connoisseurs

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



HTSE: watches so sensitive that a mere flicker from a candle light is enough to trigger them

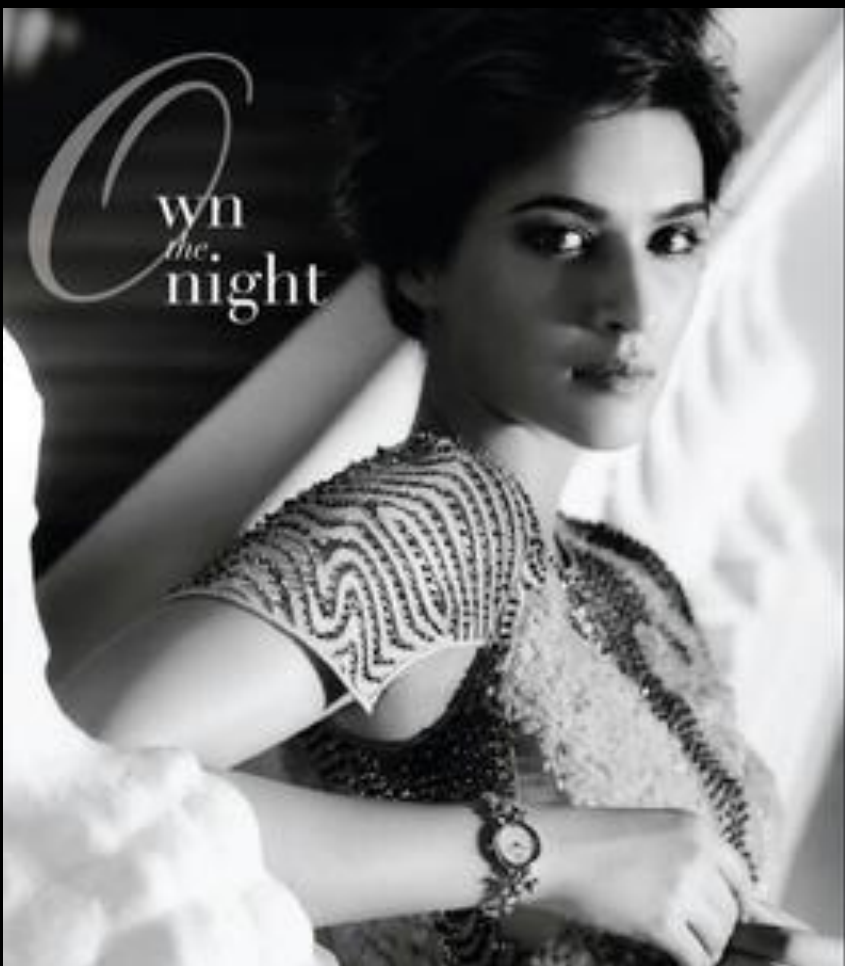




INTRODUCING

TITAN JUXT

THE SMARTWATCH



Watch Division



Five major brands

TITAN SONATA *fastrack* xy|ys NEBULA

Licensed Brands

TOMMY HILFIFGER 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



- 446 showrooms (Net 16 additions YTD)
- 200 towns – 422k sft



- 159 stores / kiosks (Net 5 additions YTD)
- 85 towns – 94k sft



- 41 stores (net 1 closure YTD)
- 22 towns – 48k sft



- 695 outlets
- 264 towns



- 11,000 dealers
- 2,500 towns



- 2,264 outlets
- 32 countries



TITAN
COMPANY

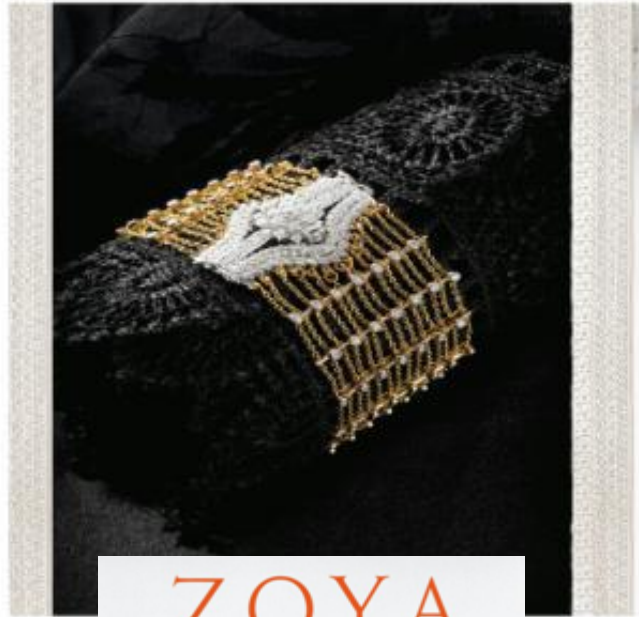
Jewellery

Mia
by
TANISHQ



Mia: Jewellery for Modern Working Woman

Open File

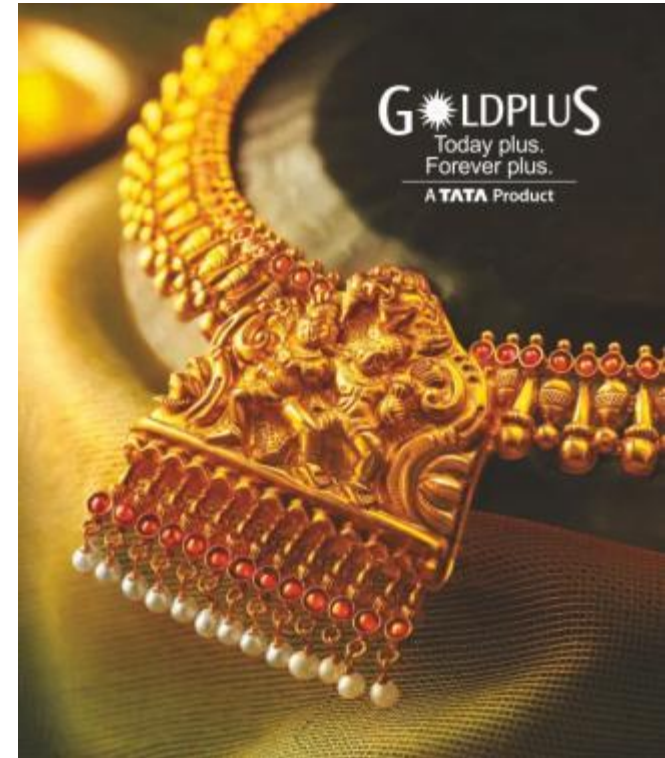


ZOYA
THE EXQUISITE DIAMOND BOUTIQUE
PRESENTS
Lace

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.

TANISHQ
PRESENTS

DIVYAM





TANISHQ
PRESENTS

 mehek
FRESH FLORAL COLLECTION



Jewellery

Largest Jewellery Retailer in India

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



TANISHQ



GOLDPLUS
A TATA Product



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

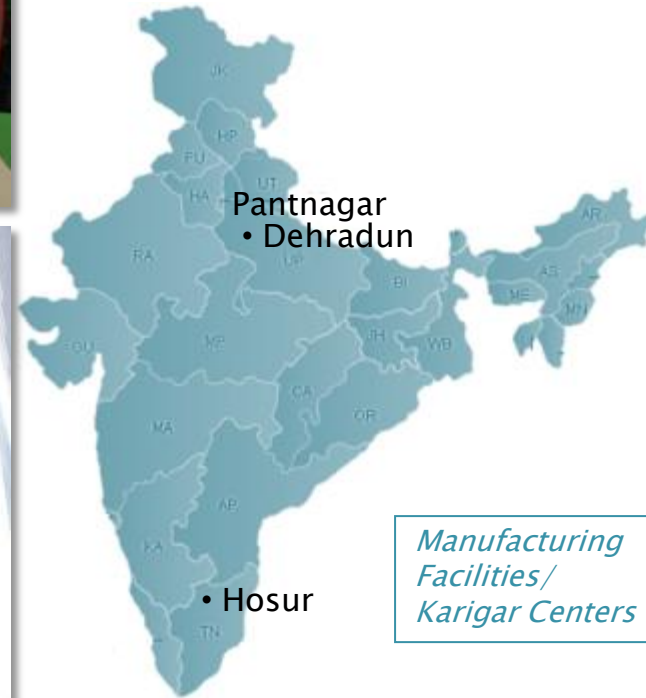
- Re-defining Hand made jewellery manufacturing, by transforming work place and stay to make the karigars live in a “home away from home”
- Retain the best of the artisans in the Jewellery Industry
- Improved Karigar productivity and multiskilling capability, thus ensuring inclusive growth



TITAN
COMPANY

Jewellery

Karigar Center, Hosur



Pantnagar
• Dehradun

• Hosur

*Manufacturing
Facilities/
Karigar Centers*

Jewellery Distribution



TANISHQ

- 188 stores including 2 Zoya stores (12 added YTD FY 16)
- 779k sft (~54k sft added YTD FY 16)
- 107 towns



GOLDPLUS
from TATA

- 33 stores
- 81k sft
- 33 towns

Eye Wear



Frames

In-house Brands



Sunglasses

In-house Brands



Lens Labs



Eyewear



India's largest optical retail chain

- 399 retail outlets, 162 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

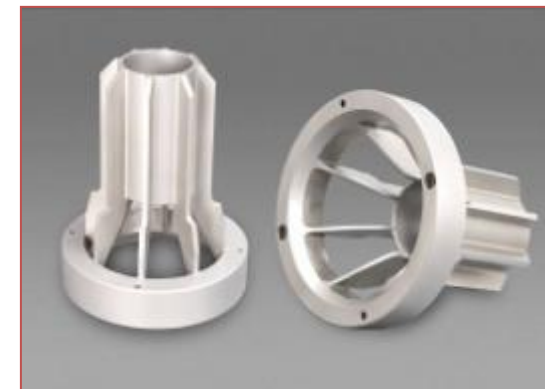
- Vision check online
- Remote eye testing at stores
- New Spexx stores in hospitals

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

Q3 Performance

Q3 Background

- The Company had a mixed consumer response during the festival season where Jewellery division saw very good traction but Watches and Eye Wear division clocked muted sales growth
- The festival season was poor in Tamil Nadu due to the natural calamity and below par in most of the southern states
- In view of the increasing competitive intensity for share of consumers' wallet, the Company decided to start its Titan EOSS and studded jewellery activation in December'15 (instead of January'16) and both activations saw very good traction
- The Company continued with its investments in network expansion. Net network addition in Q3 was 20 stores adding 19k sq feet
- Ministry of Finance announced the revision of threshold for PAN card requirement for all transactions in goods and services to Rs 2 Lacs wef. 1st January, 2016. This may affect the sales of individual products priced between Rs 2,00,000 and Rs 5,00,000

Q3 Background

Jewellery

- Q3 FY 16 was a great quarter for the division due to very good sales performance during festival season and studded jewellery activation (last 2 weeks of December'15). Also this quarter did not have a GHS base inflation in the corresponding quarter last year
- Divyam (plain gold heritage) collection and Zuhur (affordable studded) collection saw excellent traction during, and beyond, the festival season
- The division improved its gross margin over PY due to better margins in the studded category
- Brand health metrics for Tanishq saw a good improvement and scores are highest in last few quarters
- Gold prices were on an average 8% below last year's, in dollar terms and 2% below last year in rupee terms
- The proportion of Gold purchase on spot Vs gold on lease was approx. 25:75 in the Q3
- Store expansion continue with 12 stores added with approx. 54k sft. YTD
- Traction on GHS enrolments is very healthy

Q3 Background

Watches

- The division had a muted festive season but saw good traction during the Titan EOSS (which will continue into Q4)
- Helios stores continue to report healthy like to like growth
- Titan launched Raga Moonlight, Regalia Regal Crest and Titan Neo collections
- Sonata launched Astra, Black and Glamour Festive collections.
- Fastrack launched War Paint, Spiked and Urgent Clementine collections

Eyewear

- The Prescription Eye Wear industry, as a whole, had a poor quarter with visible slowdown in network expansion by most retailers
- Store expansion continued with 33 stores added YTD FY 16
- The division introduced Colour Pop collection of exciting colourful frames

Precision Engineering

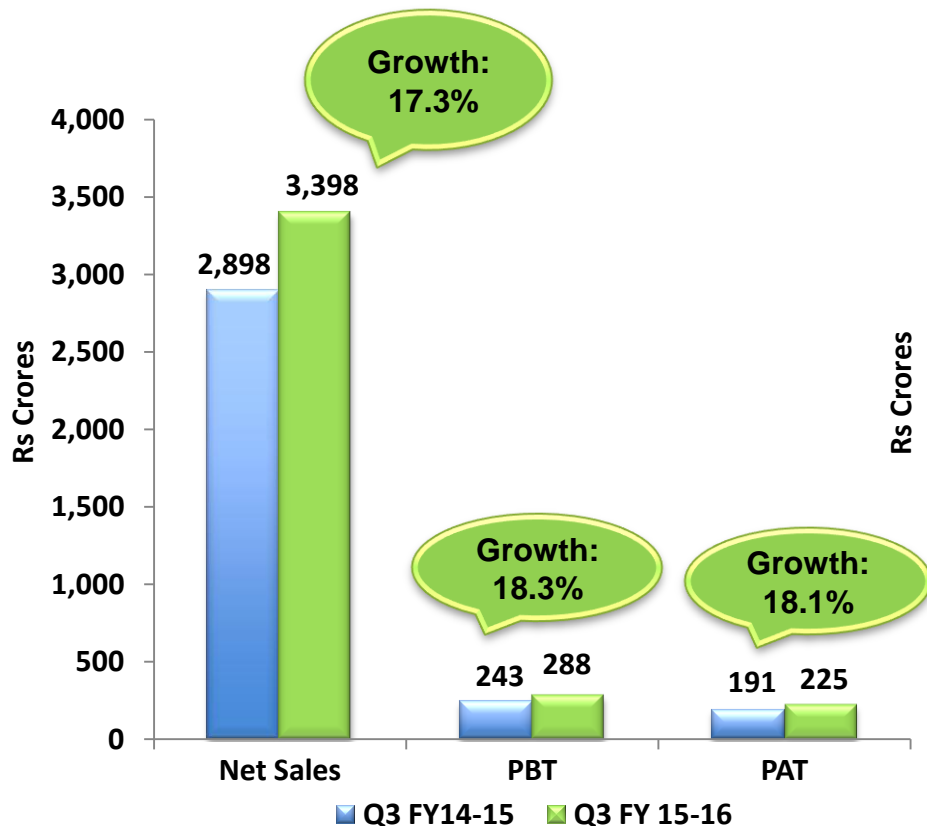
- The MBA division of PED continued to have a tough quarter with a decline while PECSA recorded a healthy growth

Q3 - Retail growth

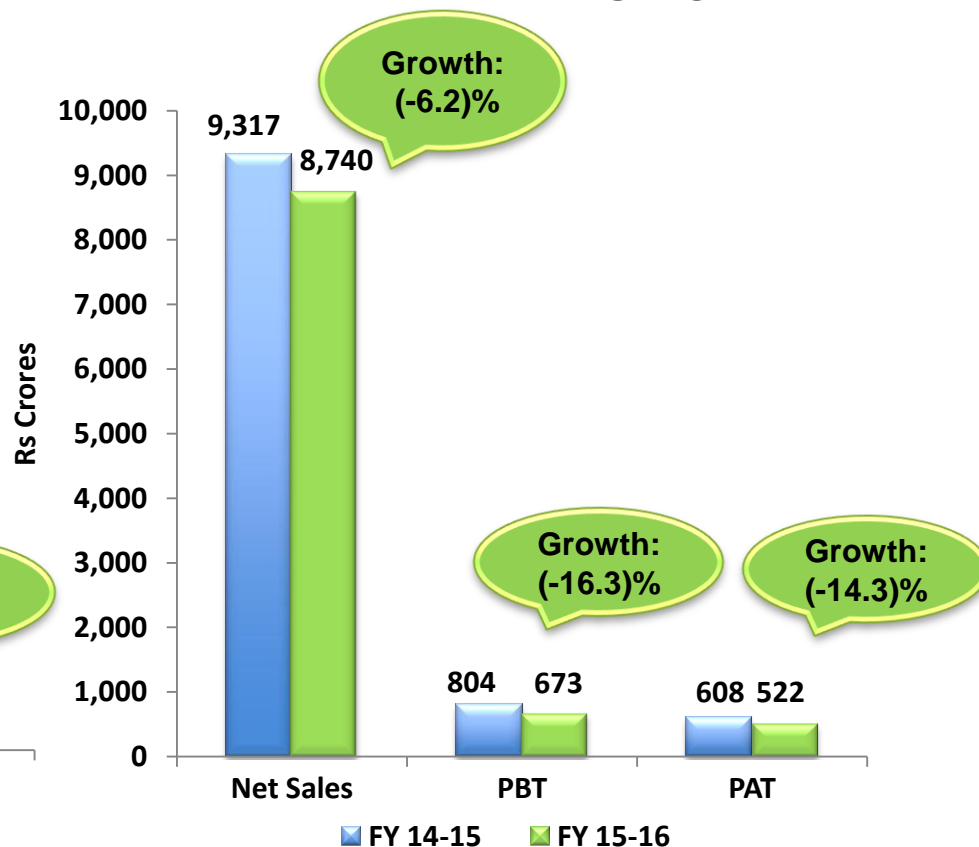
	<u>Sales value growth</u>	<u>Like to like growth</u>
World of Titan	5%	3%
Tanishq	35%	30%
Goldplus	-9%	-9%
Helios	12%	14%
Fastrack	2%	-5%
LFS	11%	17%
Titan Eye+	7%	-2%

Company performance

Q3 FY 15-16



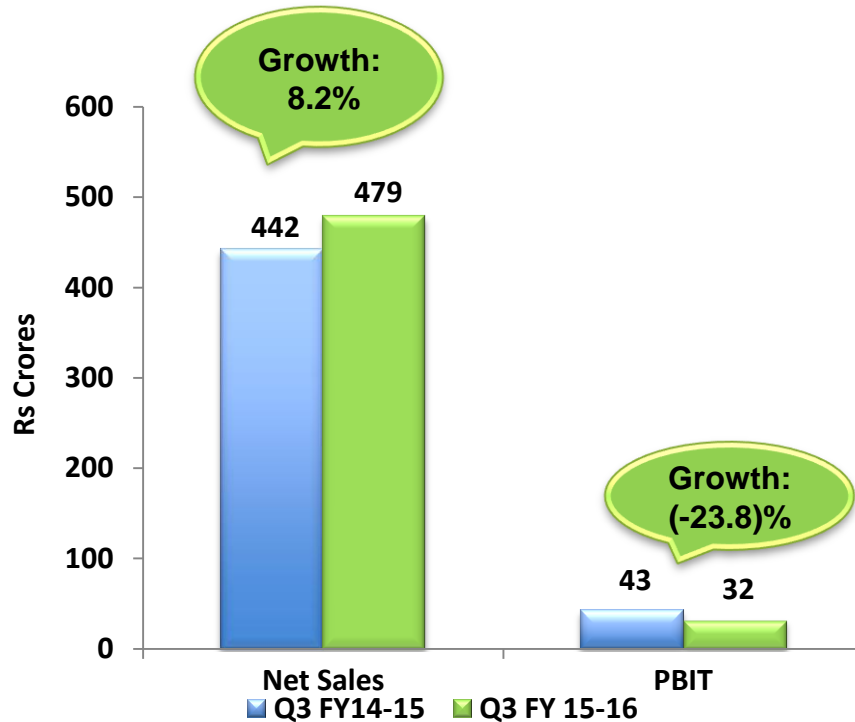
YTD FY 15-16



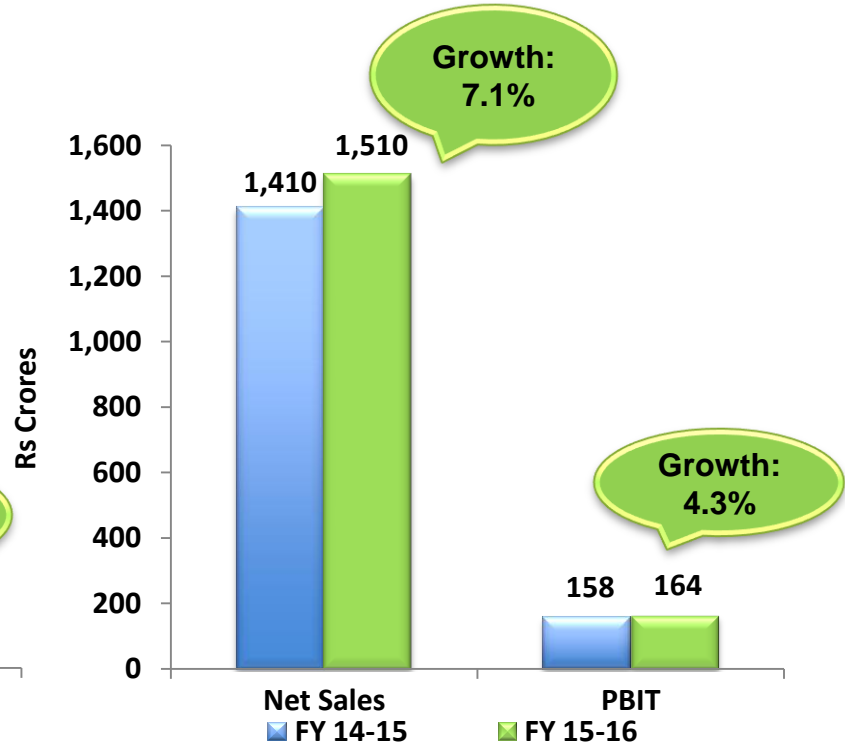
- The top line growth in Q3 was enabled largely due to 20% growth in Jewellery division
- The YTD decline as compared to PY is largely due to the base effect due to GHS redemptions in Q2 FY 15

Watches

Q3 FY 15-16



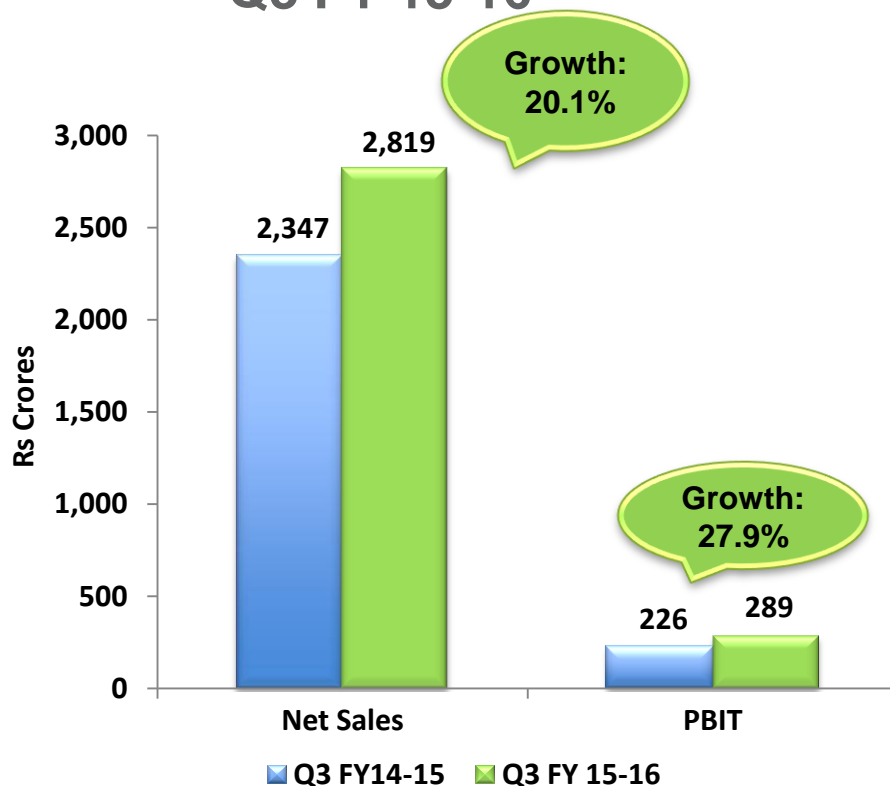
YTD FY 15-16



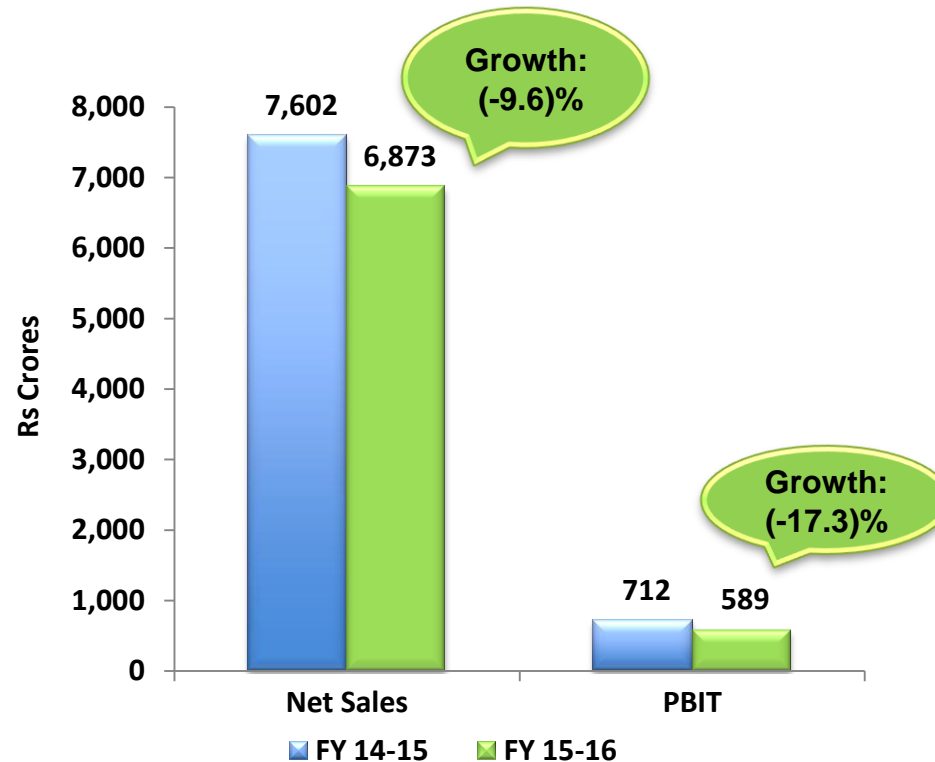
- Top line growth enhanced by beginning of Titan EOSS in mid December CY as compared to Q4 PY
- Reduction in PBIT margins due to higher advertising spends (timing of festive season as compared to PY) and higher payouts due to EOSS
- YTD PBIT margin flattish at around 11%

Jewellery

Q3 FY 15-16



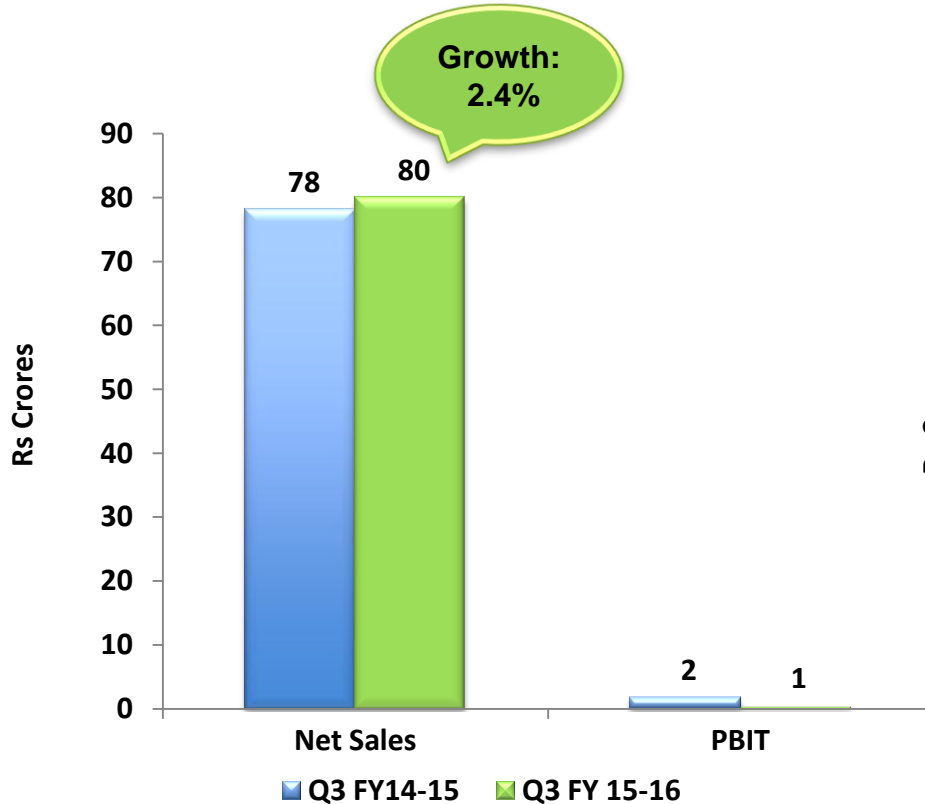
YTD FY 15-16



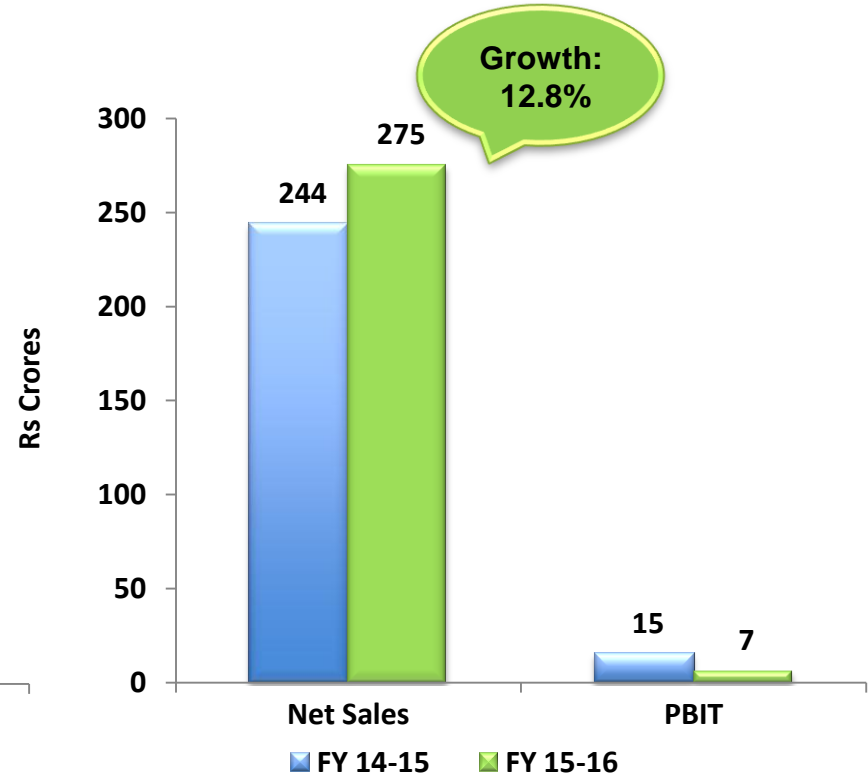
- Growth in Q3 FY 16 due to good traction during festival season and advancement of studded activation
- Growth in PBIT due to improvement of gross margins and operating leverage
- Grammage grew by 28% QoQ and the studded ratio was marginally lower at 25% (26% PY)
- YTD decline due to GHS redemption base effect (with GHS contributing to 31% of the revenues in H1 last year)

Eye Wear

Q3 FY 15-16



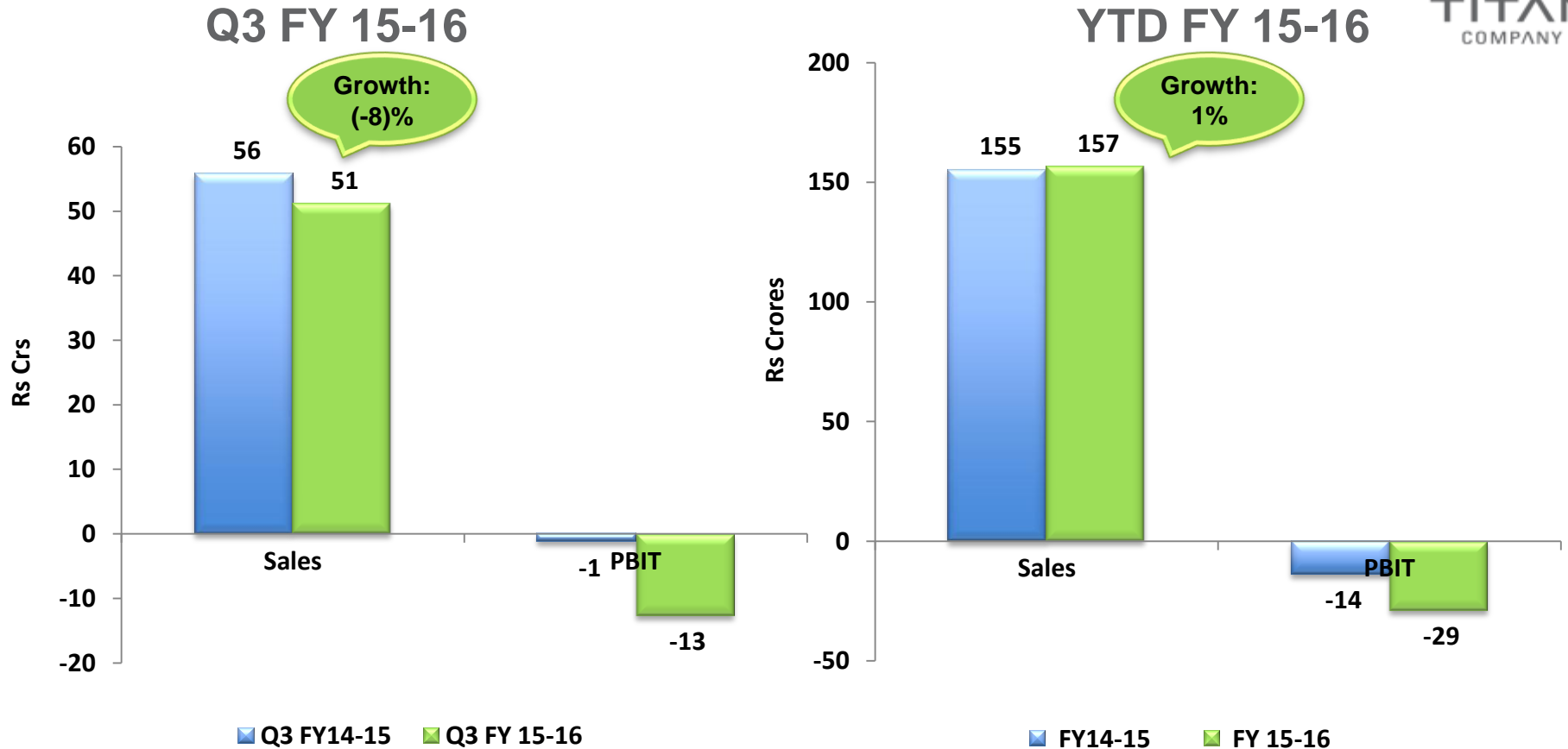
YTD FY 15-16



- Eyewear faltered from double digit growth due to muted performance during festive season and weather conditions in South India, which is its largest revenue contributor
- The decline in Q3 PBIT is due to negative operating leverage
- The decline in profits on YTD basis is due to higher Sales promotion and Advertising costs in the first quarter

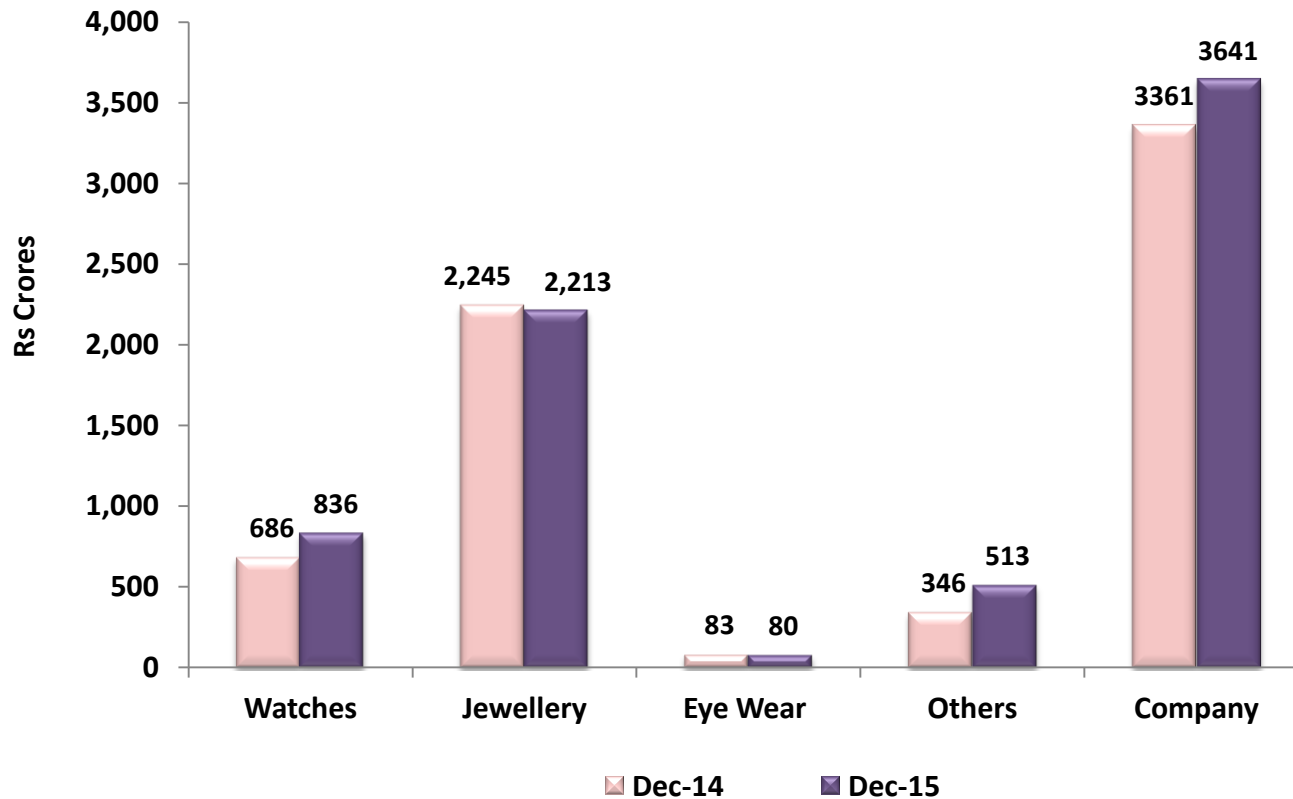


Others Segment



- Decline of 8% in Sales is due to lower revenues in the Machine Building division of PED due to slower offtake by customers

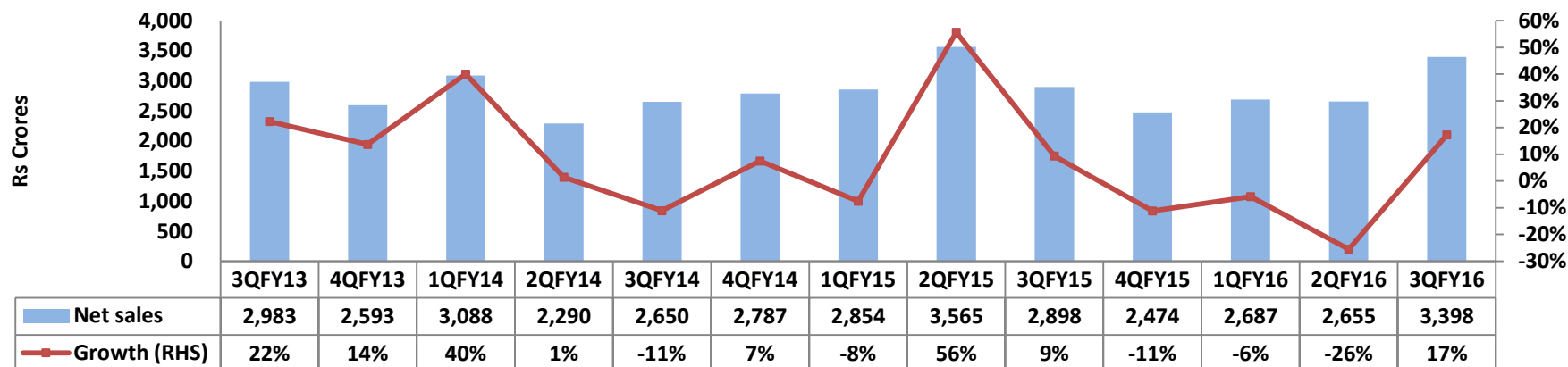
Capital Employed



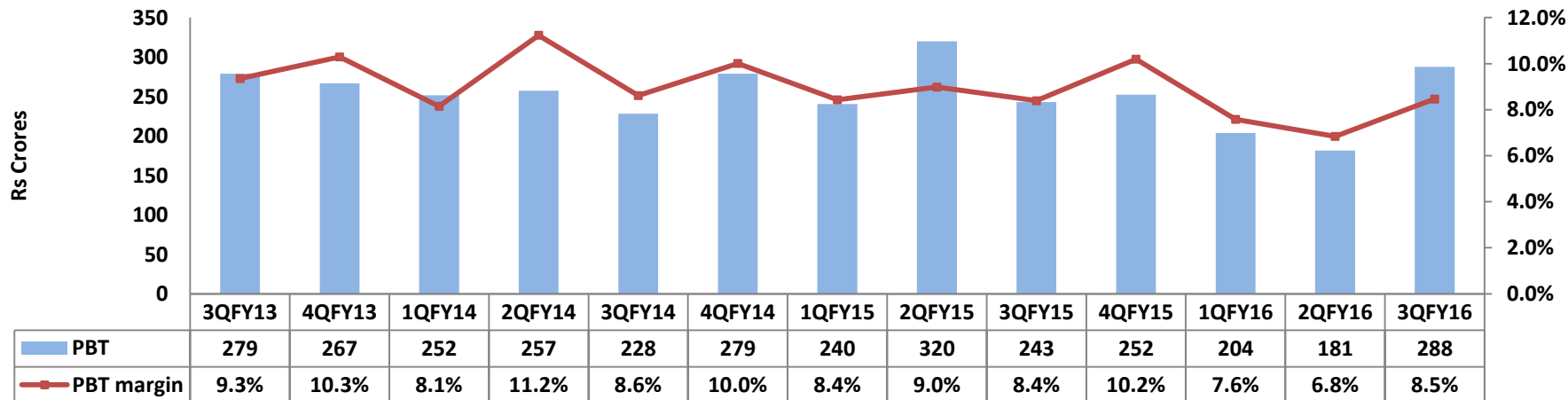
- Others segment comprises of PED, accessories and Corporate
- The capital employed is as per management review numbers. The difference is the reclassification of cash to “Others” segment

Performance Trends - Quarterlyly

Company : Net sales



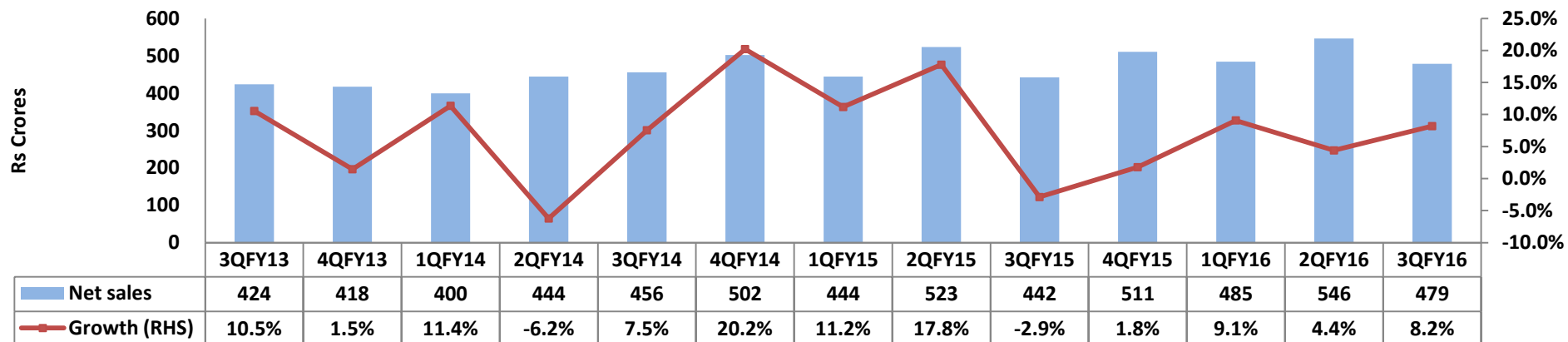
Company : PBT and Margin



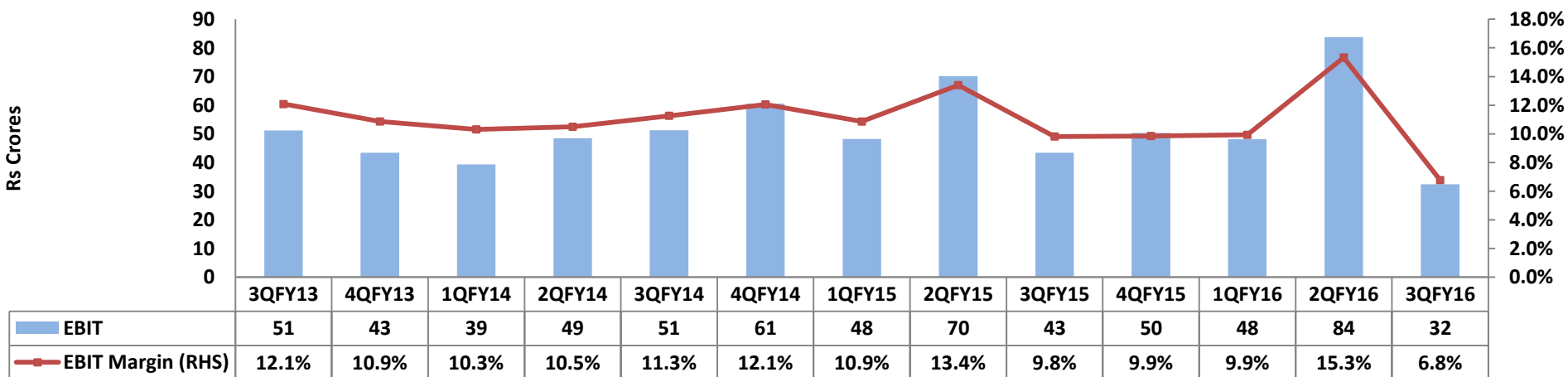
Performance Trends - Quarterly



Watches: Net Income



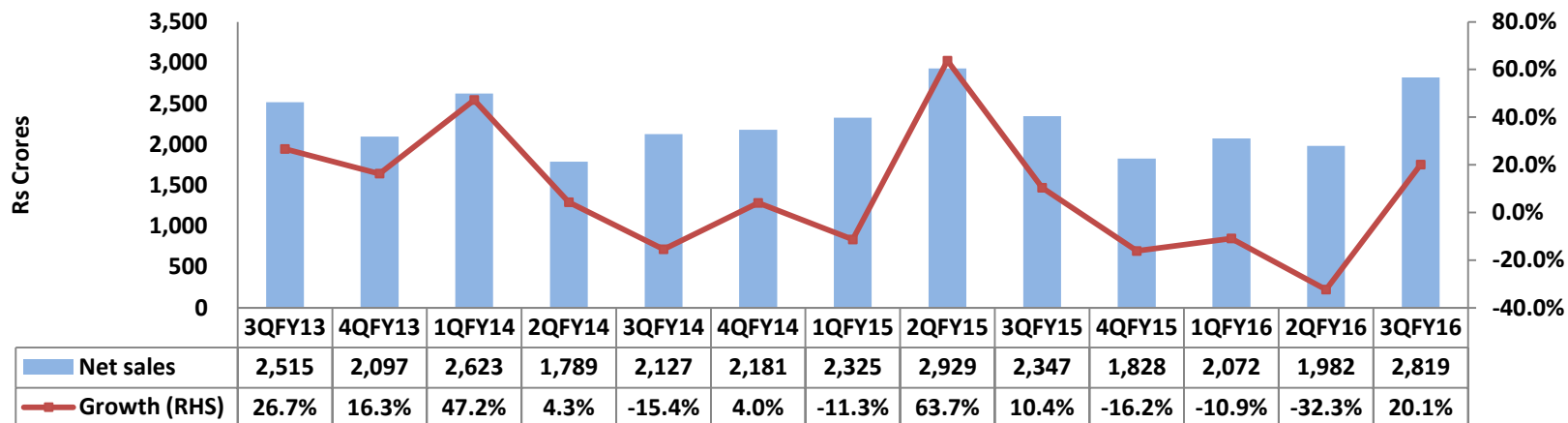
Watches: EBIT and Margin



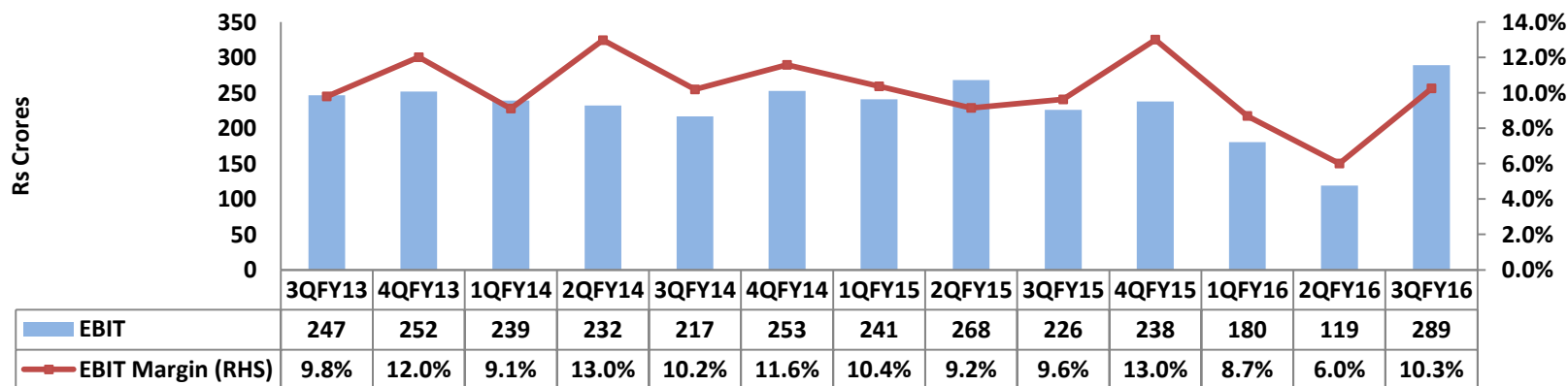
Note: EBIT as per management review numbers

Performance Trends - Quarterly

Jewellery: Net Income



Jewellery: EBIT and Margin

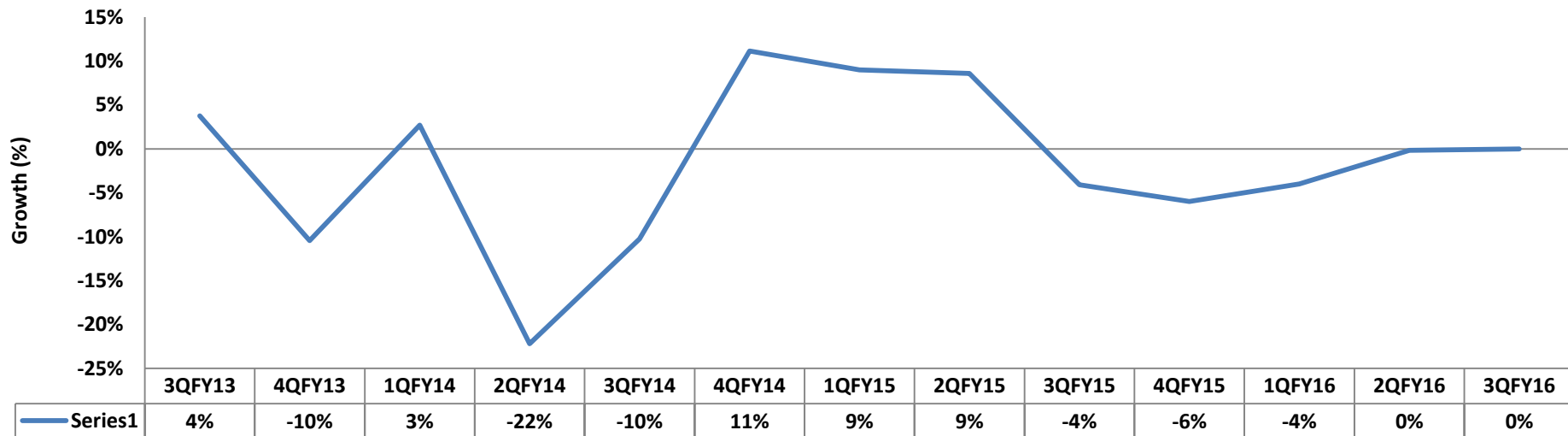


Note: EBIT as per management review numbers

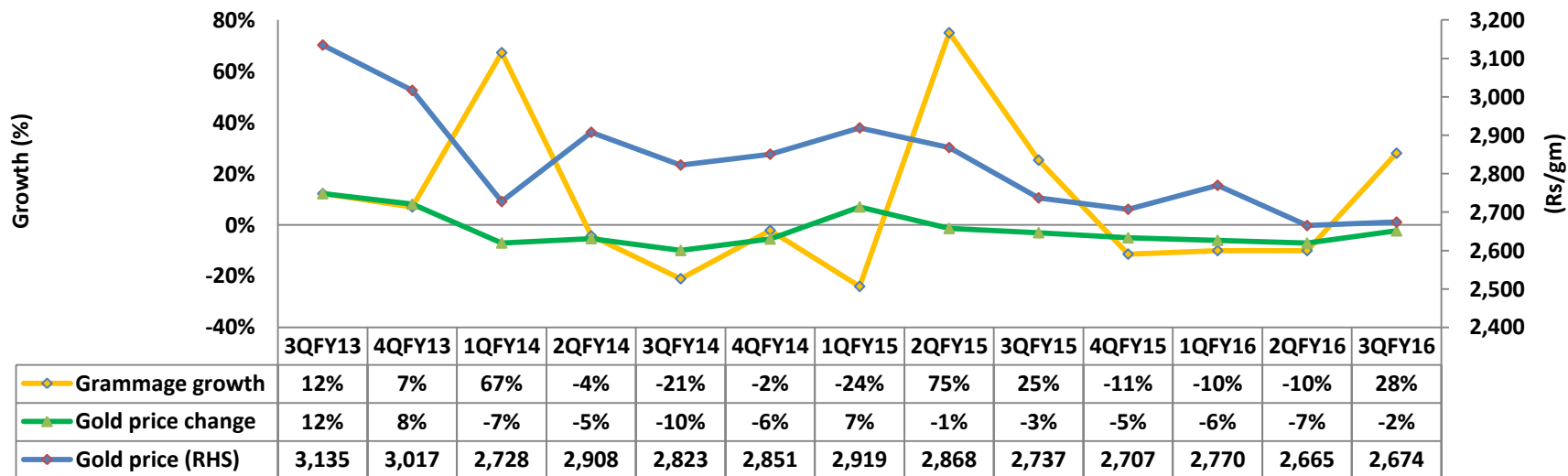
Performance Trends - Quarterly



Watches: Volume growth

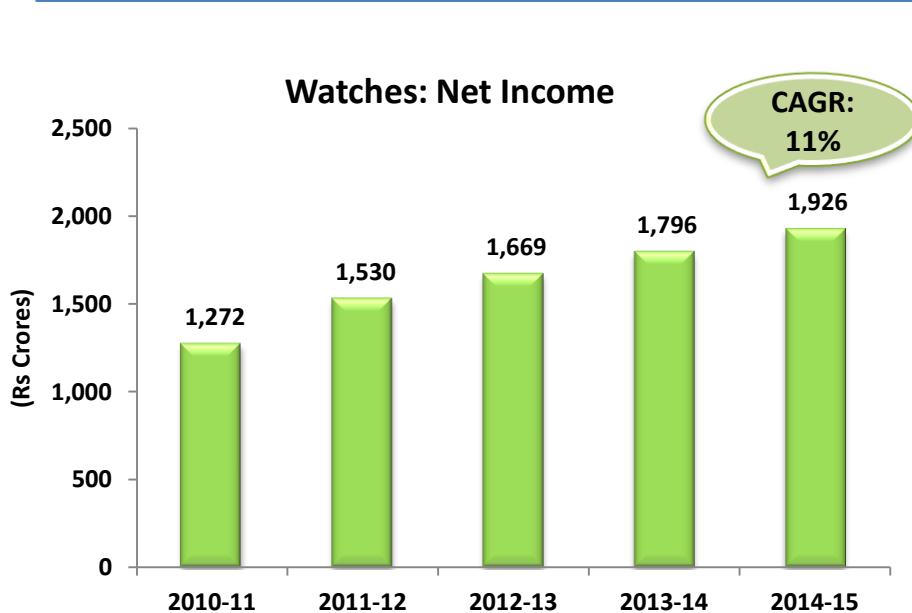
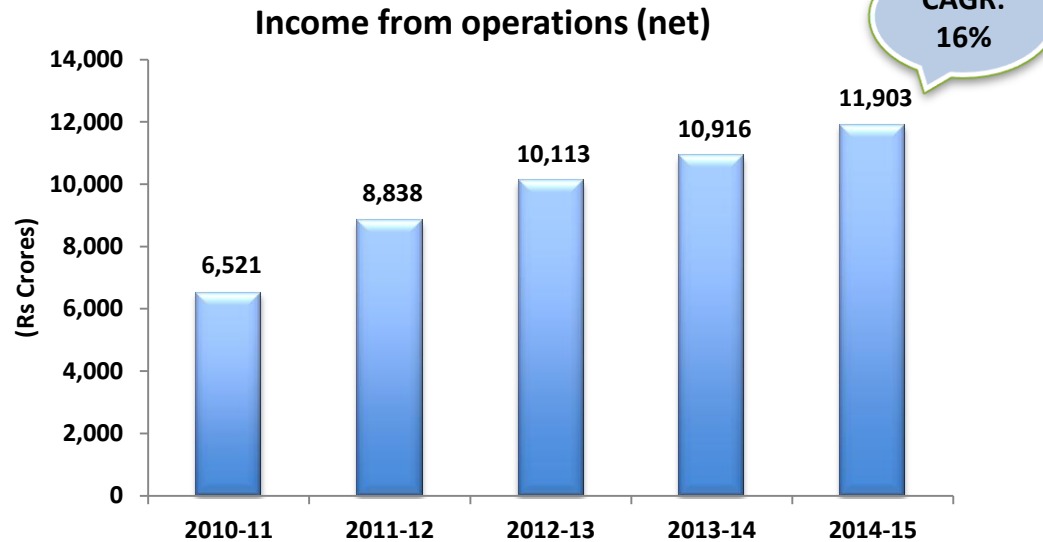


Jewellery: Gold price and Grammage growth





Performance Trends - Annual

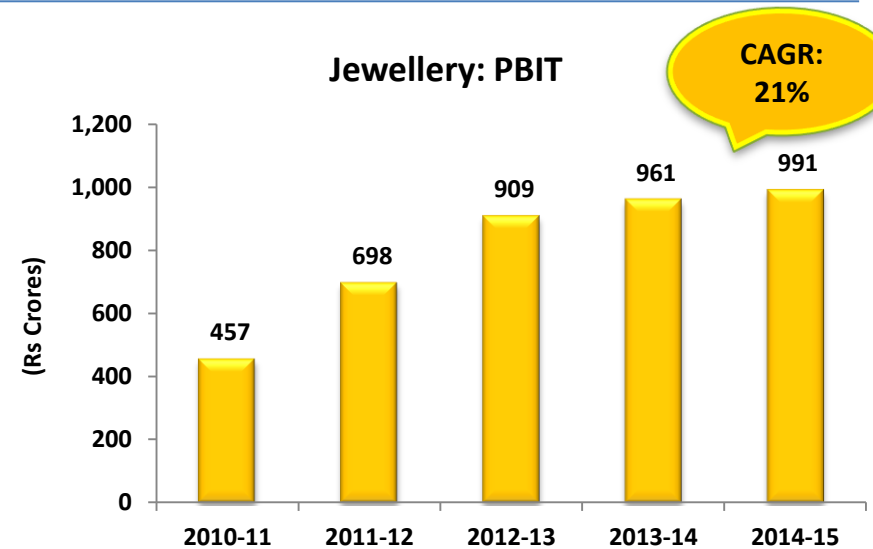
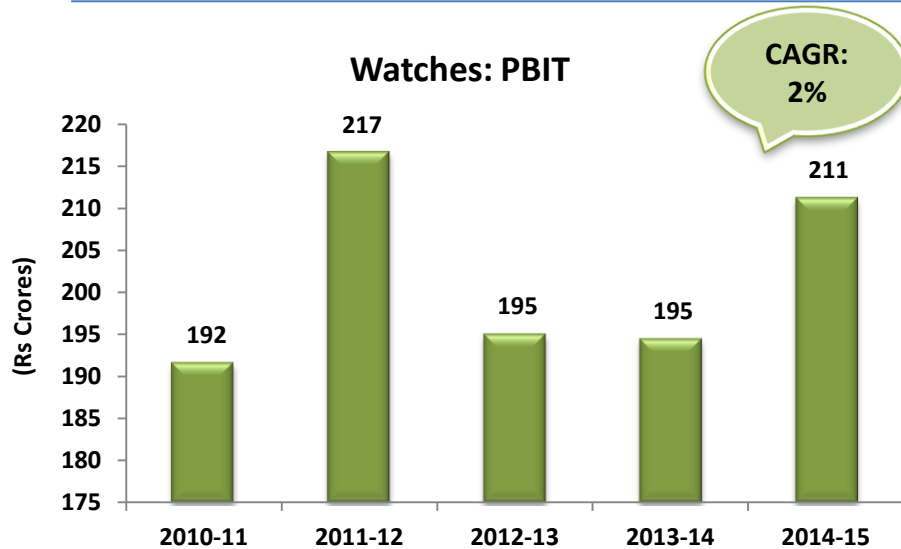
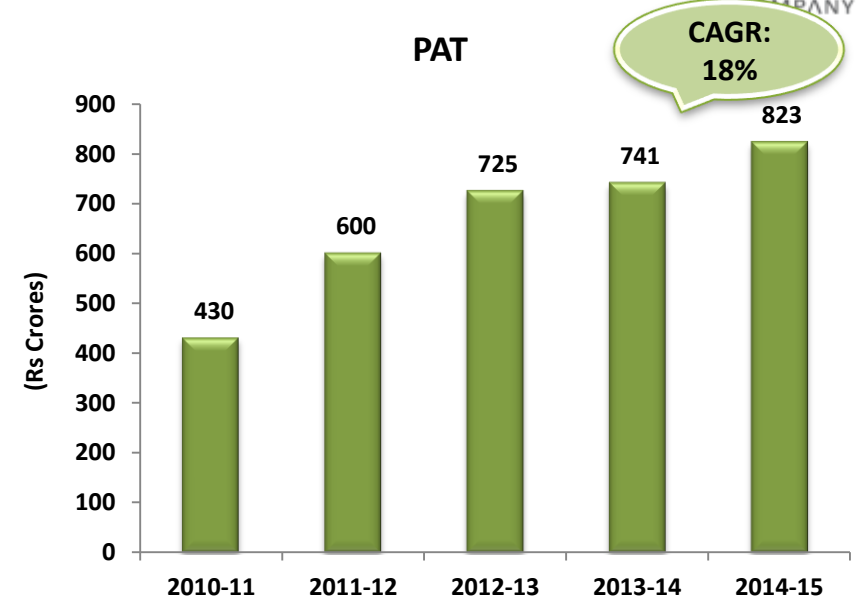
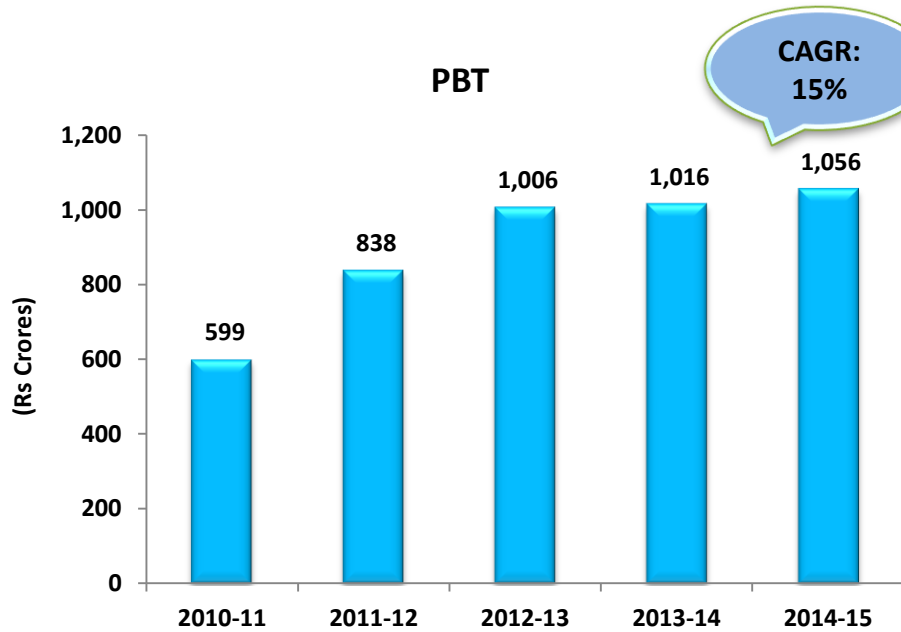


Note: Numbers as per management review



TITAN
CORPORATION

Performance Trends - Annual

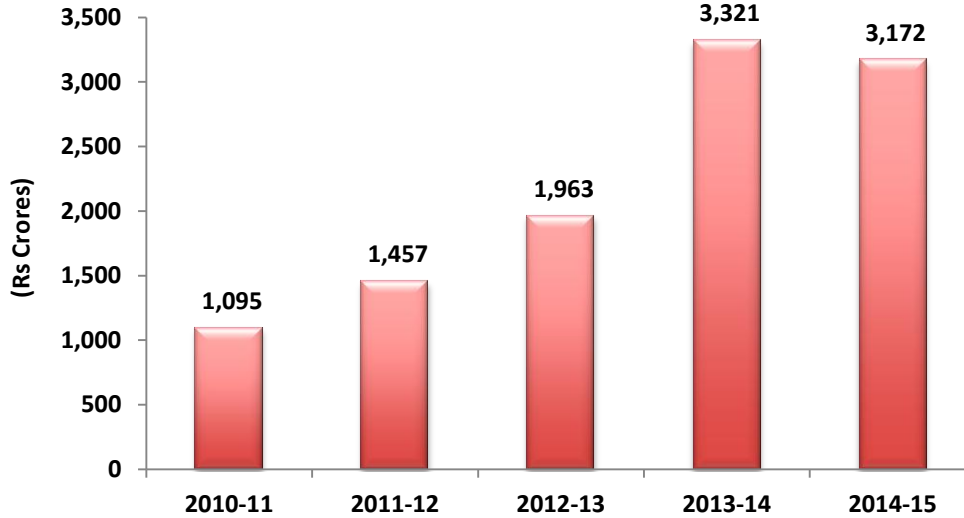


Note: Numbers as per management review



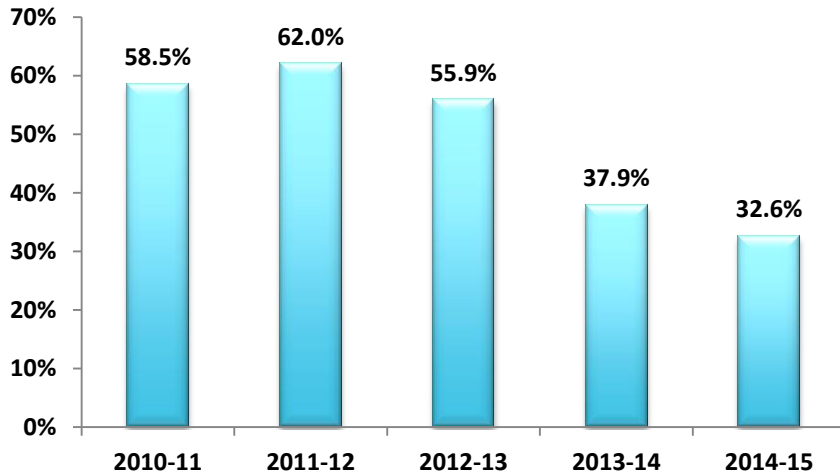
Performance Trends - Annual

Capital Employed

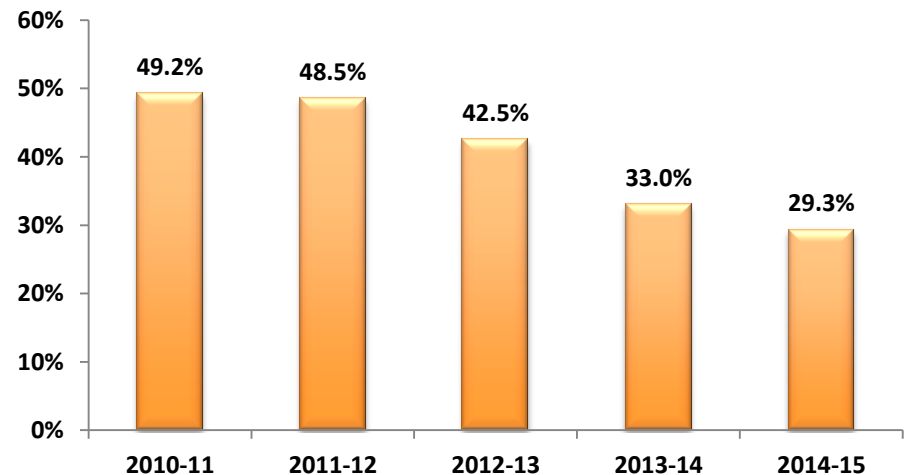


• Disruption in Gold on lease scheme increases Capital Employed sharply

ROCE

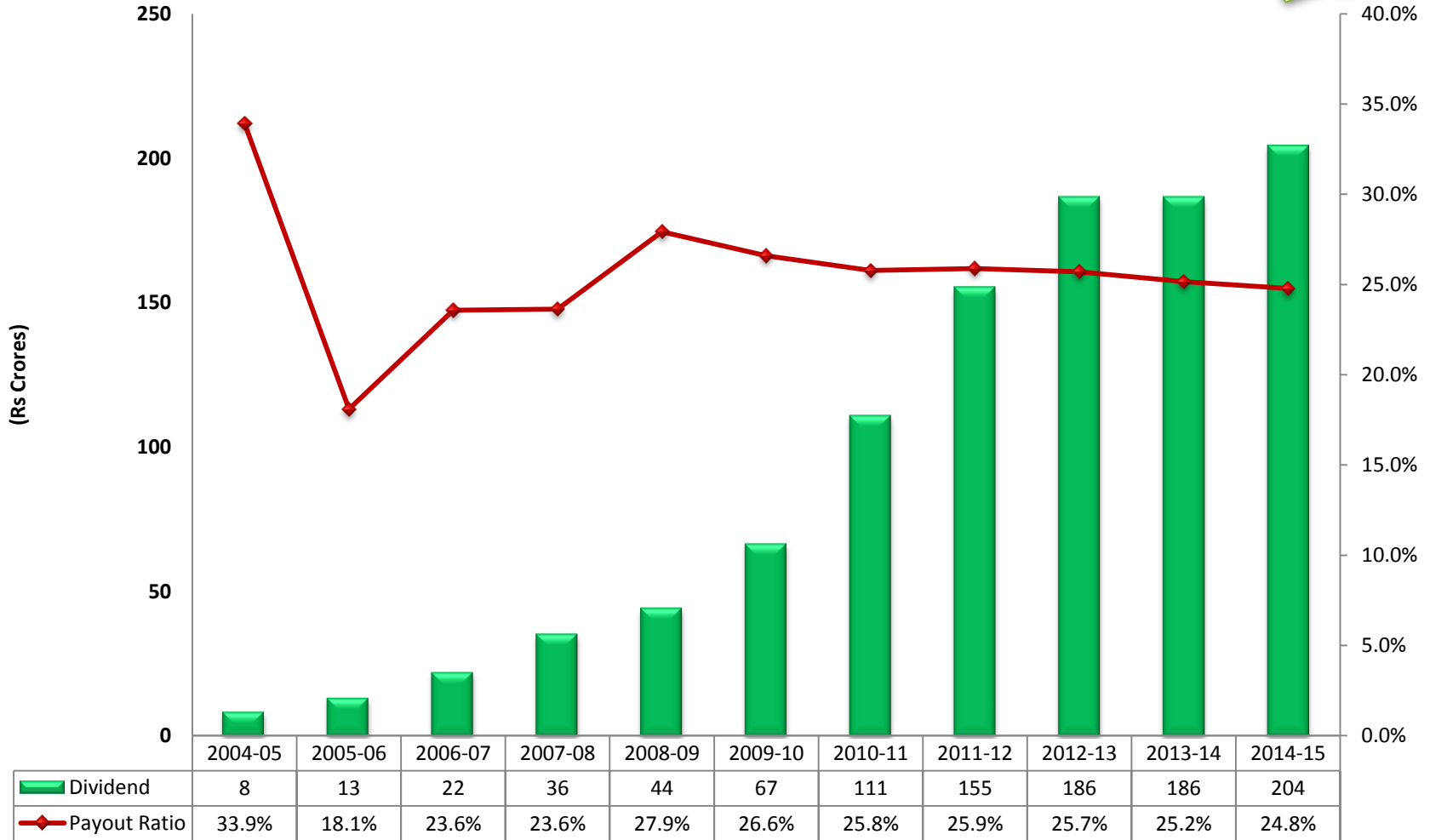


ROE



Dividend

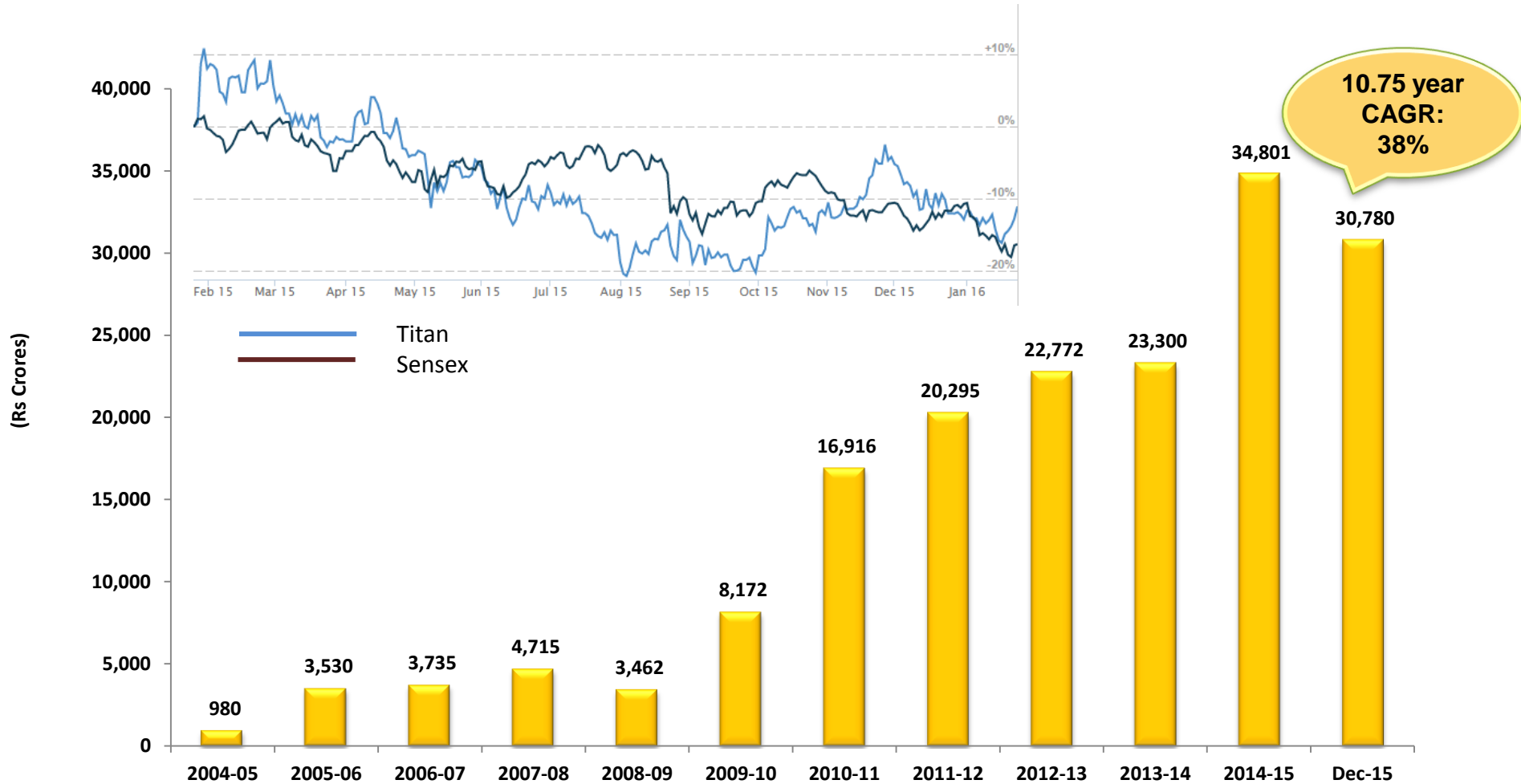
**10 year
CAGR: 37%**



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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