



Titan Company Limited

Delivering value by creating brands

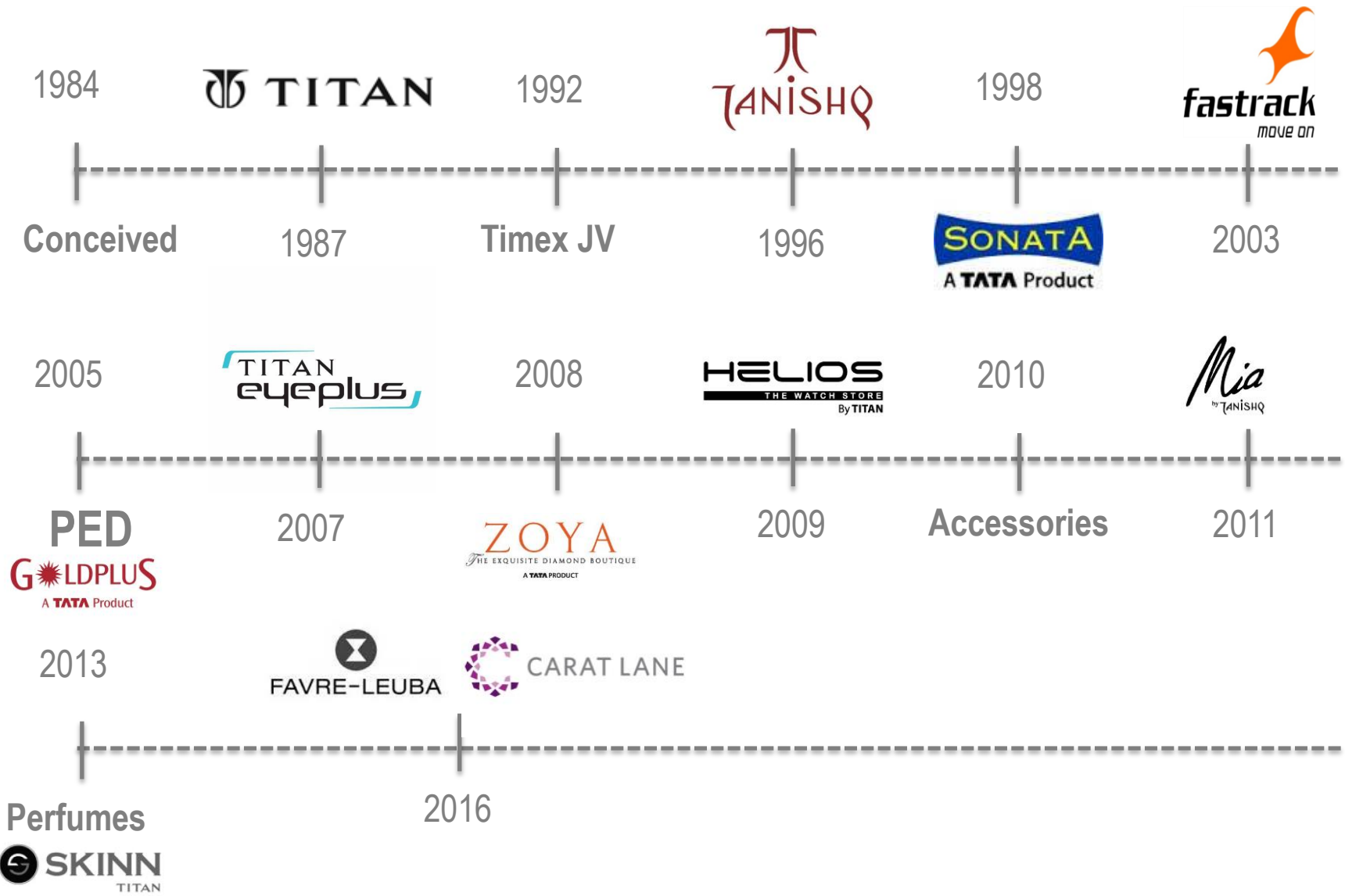
February, 2017

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

5th

largest watch
maker

\$5 bn

market cap

~\$2 bn

annual revenue

4

times in Forbes
Asia Fab Fifty

1333

stores with 1.76 mn
sft retail space

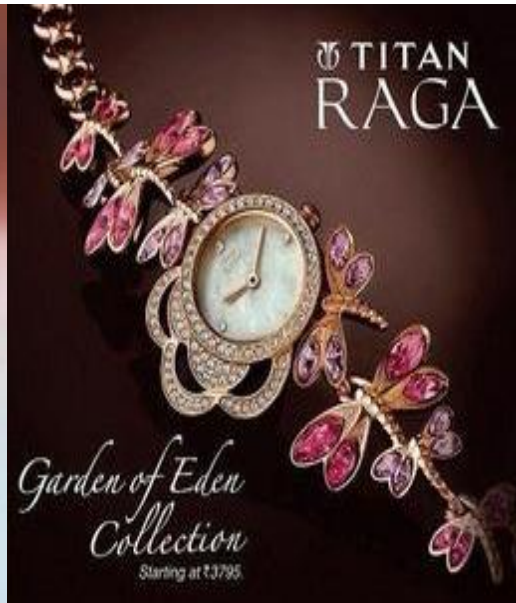
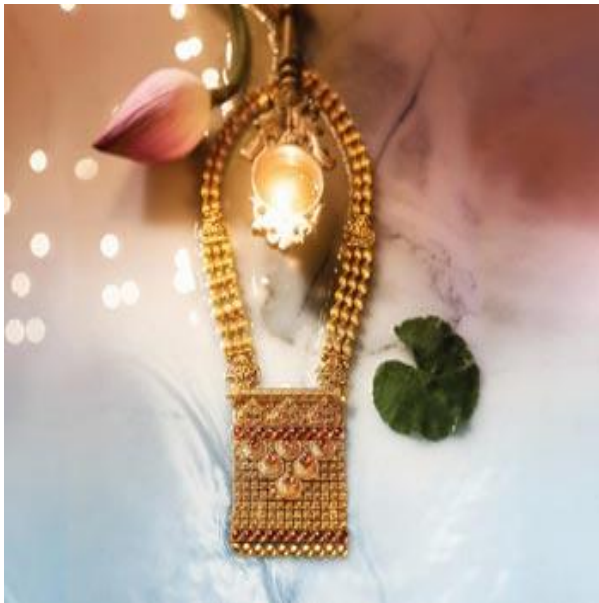
7.5k+

employees on rolls

11k+

mutli-brand outlets

Our Strengths



Design and Development

800+ New time products every year

reddot Award to 2 Edge watches

Differentiated Jewellery Collections

Customized lenses with 3D visual mapping

Manufacturing

12 Manufacturing and assembly facilities

State of the art Karigar Centres for Jewellery

Components exported to Swiss watch makers

3600+ employees engaged in factories

Brand Building

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

Retail and Customer Service

Exceptional Customer Experience

Merchandising Effectiveness

Impactful Retail Identities

Engagement of store staff

Extensive After Sales Service network

Our Brands

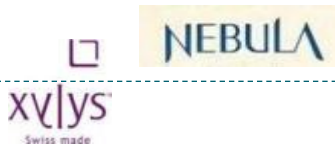


Luxury



ZOYA

Premium



Mid Market



Mass Market



Our EBO Network



ZOYA (2)

Luxury

Premium

HELIOS (47)
THE WATCH STORE
By TITAN

π (202)

WORLD of TITAN (470)
THE EXCLUSIVE TITAN SHOWROOM

TANISHQ

TITAN eyeplus
(428)

Mid Market

Watch Care Centres (722)
fastrack (155)

Mia (29)
CARAT LANE (14)

Mass Market

GOLDPLUS (29)
A TATA Product

1333 Exclusive Stores

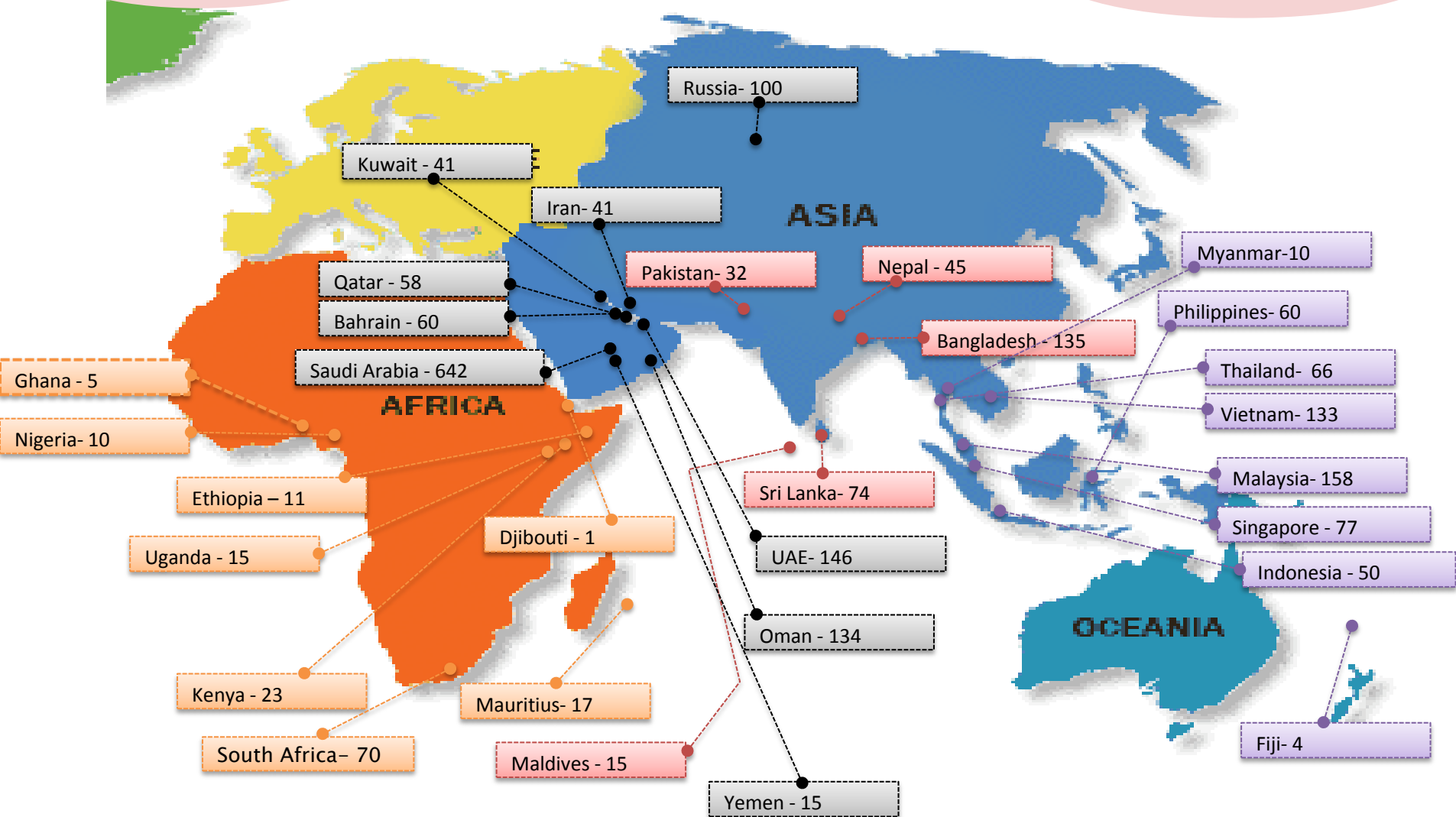
256 Towns

Over 1.76 mn sq ft of retail space

International Presence

32 Countries

2,264 Outlets



Watches



Brands

6 major in-house brands & 8 licensed brands

Manufacturing

6, state of the art, watch and component manufacturing/assembly plants

Points of Sale

EBO: World of Titan, Fastrack Stores

OWN MBO: Helios

MBO: present across 11k+ dealers/ MBOs

LFS: Large format departmental stores

ECOM: www.titan.co.in and market places

EXPORTS: 2,264 pos in 32 countries

Customer Service

Largest network of exclusive service centers

722 watch care centers in 274 towns

Sophisticated Design & Development

Core strength: Industrial, Retail and Graphic design

Numerous international award-winning designs



Multipiece Case Construction

Watches



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



Xyllys: Swiss made watches, Crafted for Connoisseurs

Watches Manufacturing



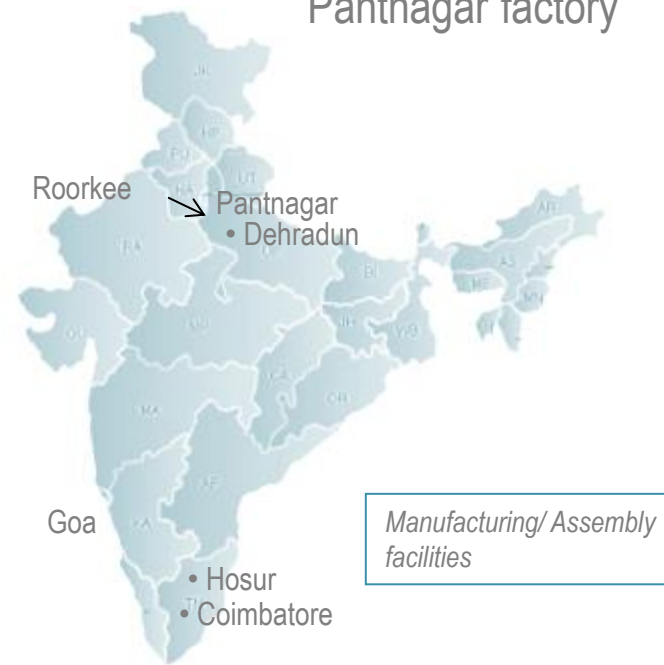
Watch factory, Hosur



Pantnagar factory



Watch Assembly





WORLD OF TITAN

470 showrooms (Net 18 additions YTD)

211 towns – 420k sft



FASTRACK STORES

155 showrooms (Net 4 reduction YTD)

85 towns – 90k sft



HELIOS STORES

47 showrooms (Net 6 additions YTD)

25 towns – 49k sft





SONATA

ACT

ALERTS 10 CONTACTS

PROVIDES LOCATION

Jewellery



Mia



CARAT LANE

ZOYA



Brands

TANISHQ: flagship brand

ZOYA: luxury segment play

MIA: Tanishq sub-brand for work wear jewellery

CARATLANE: a Tanishq partnership, ecommerce brand

Manufacturing

Studded jewellery manufactures mostly in-house

Plain gold jewellery mostly outsourced

3 manufacturing facilities

4 state of the art karigar centers: Industry best practice

Points of Sale

Largest jewellery retailer in the country

Jewellery sales through EBO and ecommerce


EBO: Tanishq, Mia, Caratlane

Ecommerce: www.titan.co.in and www.caratlane.com

Design Excellence

Key product differentiator

Capability for in-house design of many collections


TANISHQ
 HUM
 HAR SHAADI
 — KE LIYE —
 TAYAAR HAIN!



Mia
by TANISHQ

As beautiful
as your work.



CARATLANE.COM
India's Trusted Online Jeweller

Diamond and Gemstone
Jewellery

[View Collection](#)

Dream Diamond Weddings
ZOYA
THE EXQUISITE DIAMOND BOUTIQUE
FROM THE HOUSE OF
TANISHQ



*Inspired by life. Crafted with passion. Adorned with joy. And designed for eternal love.
In this exquisite new wedding collection, Zoya gives the Indian bride all the radiance she needs to
celebrate the beginning of a wonderful journey, with spectacular diamonds in both
classic and contemporary designs.*



106, NIFERASIA ROAD AND WARDEN ROAD BRANCH, OFF AT STEPHEN'S CHURCH,
MUMBAI - 40 00 02 (MUMBAI) AND 400 00 02 (HYD) FOR FURTHER DETAILS.
www.zoyajewellery.com

Jewellery

Karigar Center, Hosur





Tanishq Stores

204 showrooms (Including 2 Zoya stores)

Net 10 Tanishq stores added YTD (33k sft added YTD)

118 towns – 847k sft



Gold Plus Stores

29 showrooms (Net 3 closures YTD)

29 towns – 73k sft



Mia Stores

32 stores across 9 cities



Carat Lane Stores

14 showrooms across 9 towns



TANISHQ

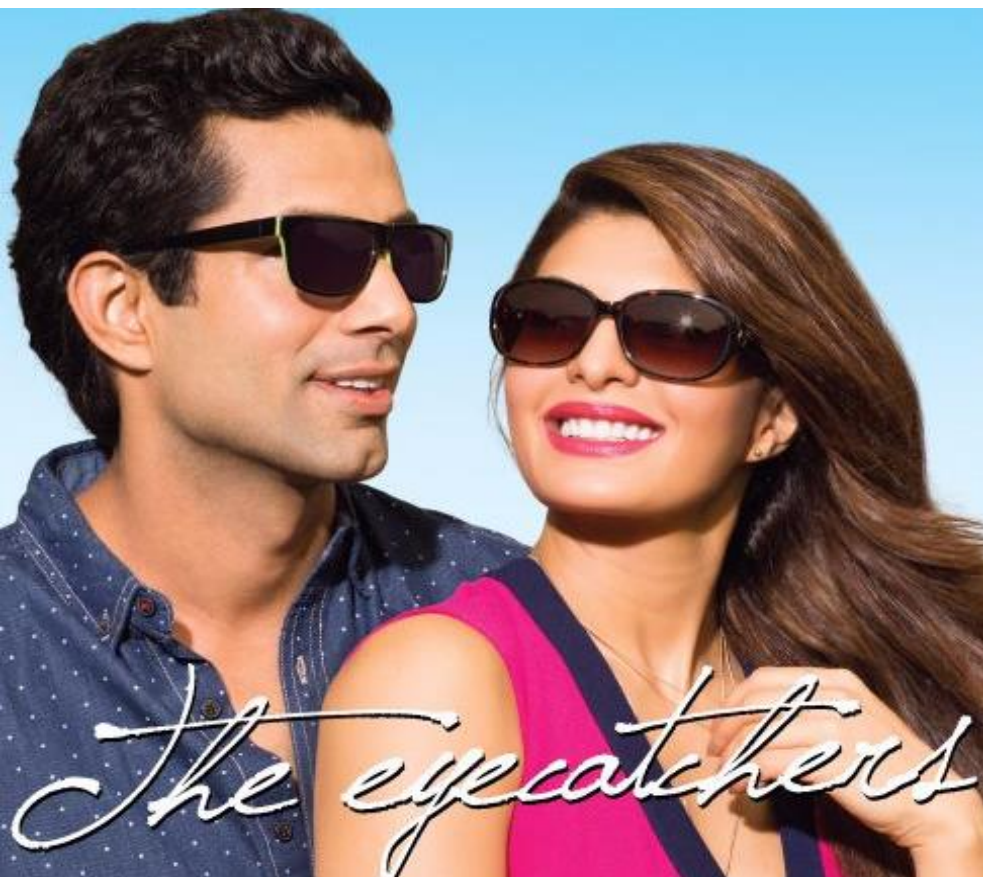
PRESENTS

SHUBHAM

TITAN
eyeplus


fastrack

GLARES
by TITAN



Brands

TITAN EYE PLUS: Retail brand

TITAN: main in-house frames and lenses brand

FASTRACK and GLARES: in-house sunglasses brand

LICENSED BRANDS: for frames and lenses

Manufacturing

State of the art lens lab in Chikkaballapur

Satellite lens labs in major cities to improve turn around time

Frame manufacturing facility to commence operations soon

Points of Sale

TITAN EYE PLUS: India's largest optical retail chain
Sunglasses sales through departmental store kiosks and MBO format also

Differentiators

Zero-error testing

Vision check online

Remote eye testing at stores

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

Eye Wear



Frames

In-house Brands



Sunglasses

In-house Brands



Lens Labs





Titan Eye Plus Stores

428 showrooms (Net 24 additions YTD, despite 12 Spexx stores closure)

182 towns – 281k sft

Precision Engineering Division



B2B Business

Spun out of Watches manufacturing in 2005
Leverages in-house engineering capabilities

Business Divisions

PECSA (Precision Engineering Components and Sub-assemblies): Provides components and sub-assemblies to Aerospace, Automotive, Oil & Gas, Electrical and Medical Equipment industries

MBA (Machine Building and Automation): Provides assembly and testing lines catering to Automotive, Electrical & Electronics, Solar and Medical Equipment industries

Prestigious Clientele

Sixty clients across the world

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



SKINN
TITAN
FINE FRENCH PERFUMES



Brands

SKINN by Titan

Fine French perfumes at very attractive price points
12 fragrances launched so far

Manufacturing

Manufactured in France by celebrated perfumers, and
distilled from the finest ingredients
Bottled in France and India

Points of Sale

Sold through World of Titan Channel, key
departmental store chains and Ecommerce
One of the highest selling perfumes in all
departmental stores
Plans to strengthen the distribution further in the
coming year
Packaging innovations for trial and gifting

Differentiators

Exceptional fragrances at a very attractive price point
Similar products from international competition at very
high price points
Domestic branded competition almost non existent

Q3 Performance

Q3 Background

- Q3 FY 17 was an exceptional quarter for the Company, despite the loss in sales for a brief period post demonetization and presence of the initial period of the studded jewellery activation in the base period
- The Company delivered a revenue growth of 14% and a profit growth of 22%, led by good sales performance in jewellery and watches
- Resurgence in demand attributable to revival of consumer sentiment and surge in demand during the festival period as well as wedding season
- Post demonetization, sales were slow for a brief period. Sales at EBOs across divisions recovered quickly while the trade channel recovery took longer
- The Company is in the process of introducing multiple modes of electronic payment in all its stores, including UPI, E-wallets etc in order to provide customers with a plethora of payment options
- In January, 2017, Company announced the merger of its regional brand Gold Plus with the Tanishq network, given the evolution of the Tanishq in South India and the connect it enjoys with customers there as well as the need to better focus all energies and resources under the current circumstances
- The Company continues its network expansion journey with addition of 51 stores spanning over 38k sq feet, across different formats so far in FY16-17

Q3 Background

Jewellery

- With 20% retail growth and 15% same store growth, Q3 FY 17 recorded a great sales performance by the jewellery division, considering the high base and the demonetisation
- Levers like new collection launches, well timed consumer schemes and a more attractive exchange program helped the division maximize the revenue growth during festival season and well as the wedding season
- Almost all our sales for a month and a half post demonetization, are either from electronic modes of payment or the GHS scheme or advances paid by customers for custom made jewellery before the demonetization.
- Market share gain evident as our growth contrasts sharply with the decline reported by industry
- Gold tonnage increased by 4% and the Company was able to improve its effective realization (AMC + making charges) on gold jewellery sales
- The studded ratio for the quarter was 21% as compared to 25% in Q3 FY 16, on account of the timing of activation
- Coins sales grew by about 40% in this period
- The increase in coin sales, compounded by a low studded ratio reduced the gross margin rate for the division as compared to the previous year
- Tanishq added 10 new stores adding up to 33k sft in FY 16-17

Q3 Background

Jewellery

- Tanishq launched the Shubham collection of heritage gold jewellery which has seen very good traction till date. Tanishq also introduced a differentiated wedding line and color stones Nakashi collection this quarter, in addition to a considerable refresh of the core line
- Caratlane had a good quarter too despite the demonetisation with significant conversion of cash on delivery to electronic modes of payment

Watches

- Watches division had a very good festival season till the business got affected by demonetization
- While the WOT and Helios channel recovered quickly, post demonetization, the trade channel (contributing to 50% of the sales of the division) is taking longer to recover
- The spare parts sales is on the path to achieving its normal run rate post the distribution channel restructuring exercise but the exports business continues to face strong headwinds in all the key markets
- The Titan activation started in mid December, 2016 and continued into the last week of January
- The Division launched the “Sonata Act watch”, a watch to aid women’s safety. This is an exciting addition to our smart portfolio and the division would continue to add similar watches with added functionality at exciting price points
- Favre Leuba has been launched in Japan, India and UAE.

Q3 Background

Eye Wear

- While the prescription eye wear business is doing well, largely on account of geographical expansion, the division is facing challenges to maintain its share in the Sunglasses business which is pulling down the overall growth
- In addition to the headwind of low industry growth, the division is also undertaking closure of its Spexx format stores and unprofitable Titan Eye Plus stores, which is eroding the revenue growth to some extent
- Despite the challenges around current industry growth, the division is gunning for aggressive geographical expansion and foray in the e-commerce space
- The division ended the quarter with a 12% topline growth but ended up making a loss due to high advertising spends

Precision Engineering Division

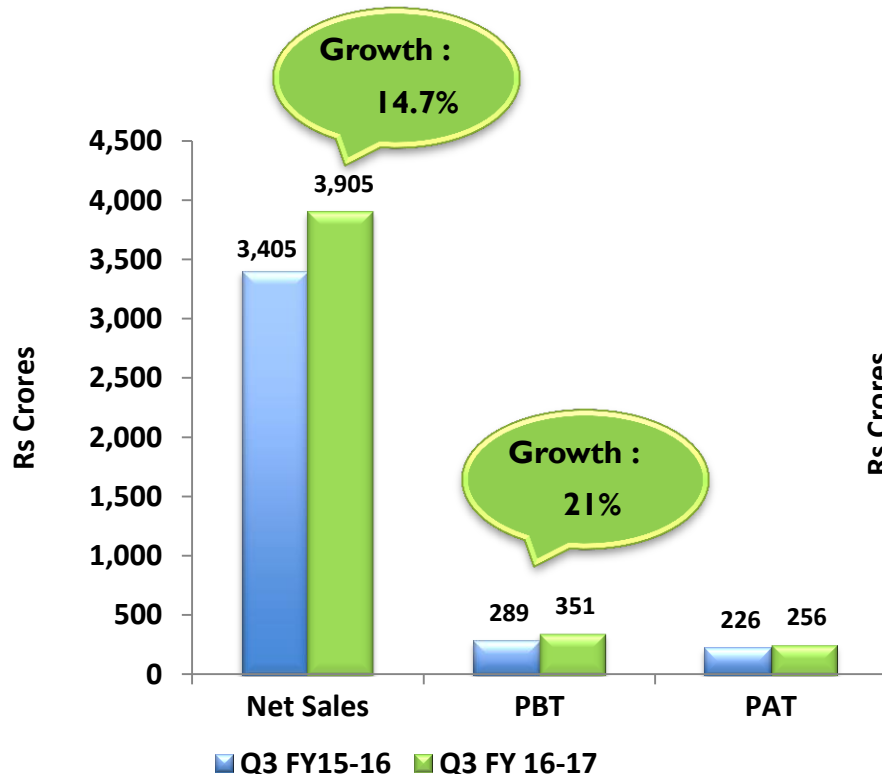
- The Precision Engineering division had a good quarter with around 47% growth in revenue
- The Machine Building division obtained its largest ever order of Rs 36 cr from a single customer in this quarter
- We understand that the Court has approved the demerger of the division but we are still awaiting the notification.

Q3 FY 16-17 Retail Growth

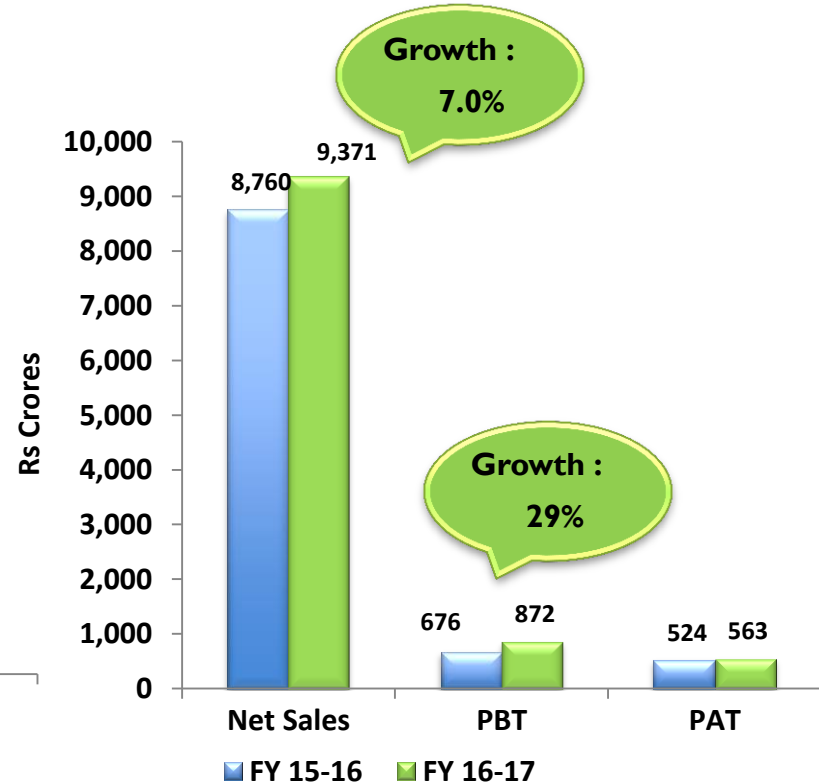
	<u>Sales value growth</u>	<u>Like to like growth</u>
World of Titan	12%	9%
Tanishq	20%	15%
Goldplus	2%	8%
Helios	16%	11%
Fastrack	3%	1%
LFS	28%	13%
Titan Eye+	10%	4%

Company Performance

Q3 FY 16-17



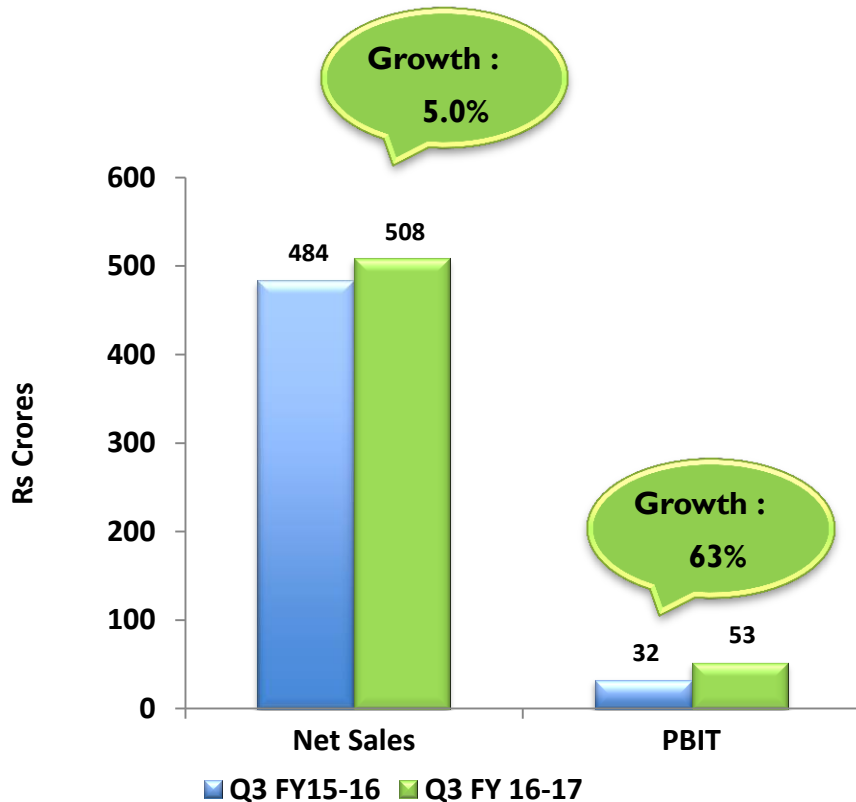
YTD FY 16-17



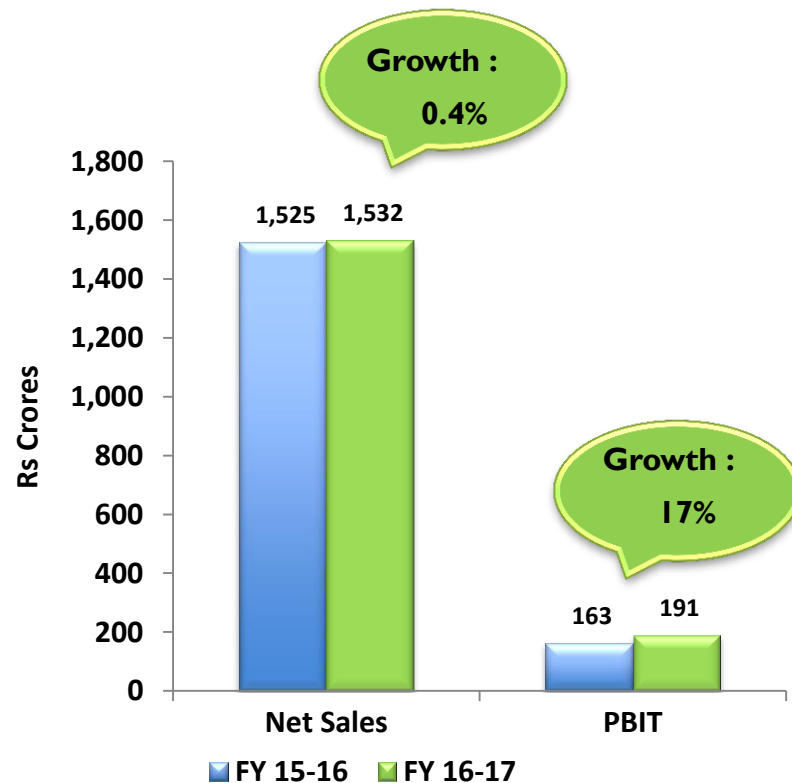
- Good revenue growth and strict overheads control resulted in profit growth of 21% for Q3 FY 17
- YTD PBT growth is on account of higher gross margin as well as overheads control
- PBT indicated above is before VRS impact for the company of Rs 100 cr.

Watches

Q3 FY 16-17



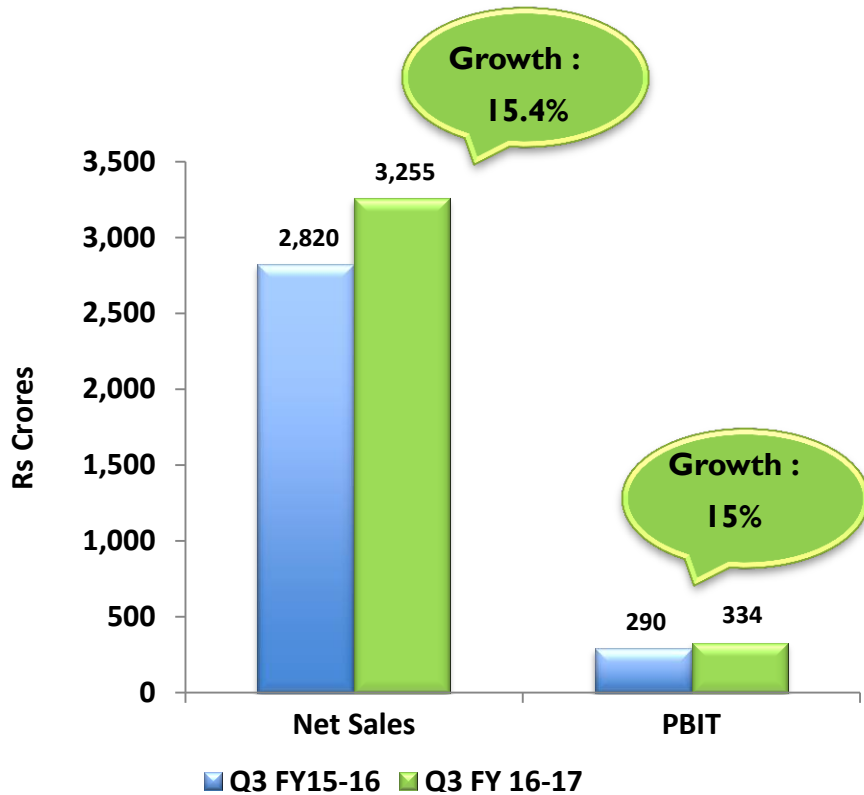
YTD FY 16-17



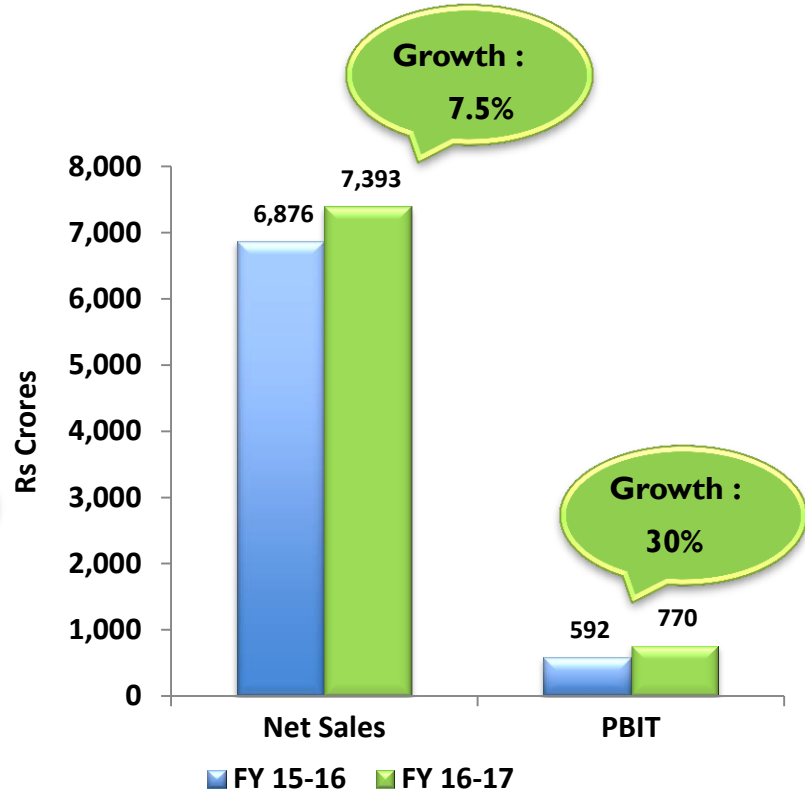
- Domestic sales growth was 9% in value terms and 6% in volume terms on account of good festival season
- Revenue growth suppressed due to export business decline
- Gross margin grew on account of better product mix for Titan and Fastrack
- YTD PBIT above is before VRS impact for the division of Rs.65 cr

Jewellery

Q3 FY 16-17

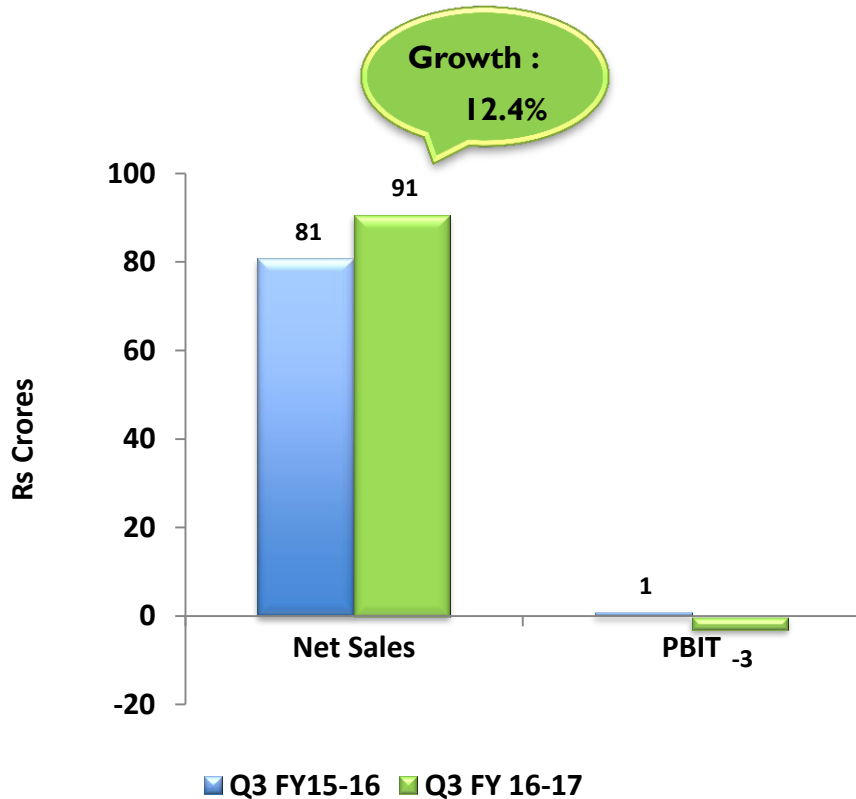


YTD FY 16-17

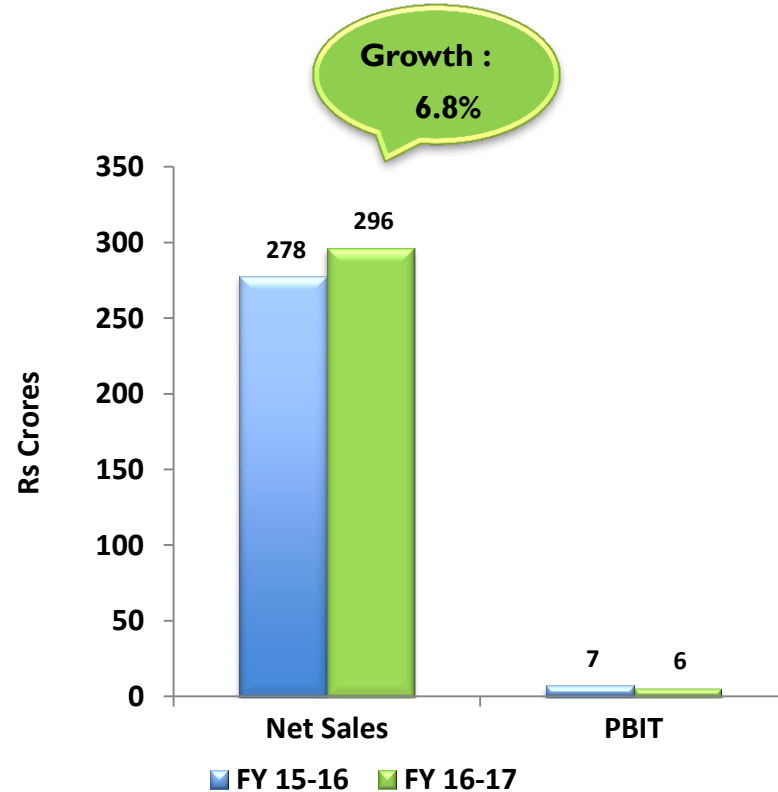


- Grammage grew by 4% over Q3 FY 16
- The studded ratio was lower at 21% compared to 25% in the previous year as studded jewellery promotion commenced in December last year. Average gold rate on Q3 FY 17 was around 14% higher than Q3 FY 16
- Gross margin declined in the quarter due to low studded ratio and high coin sales. Hedging gains contributed to about Rs 15 cr to the margin (corresponding number same period last year was Rs 9 cr)
- PBIT above is before VRS impact for the division of Rs.14 cr

Q3 FY 16-17



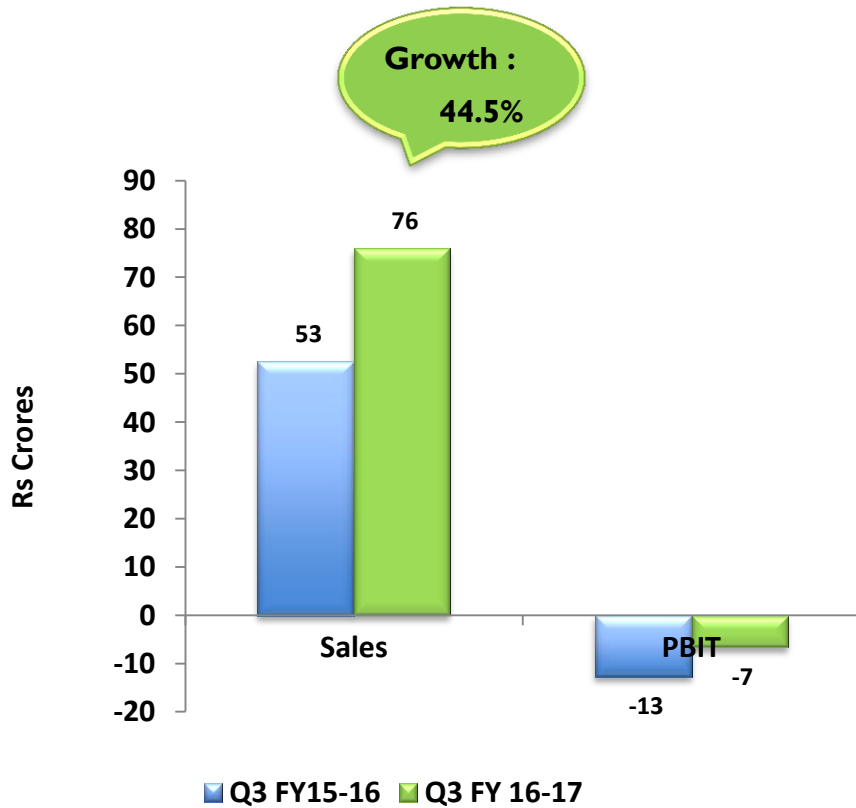
YTD FY 16-17



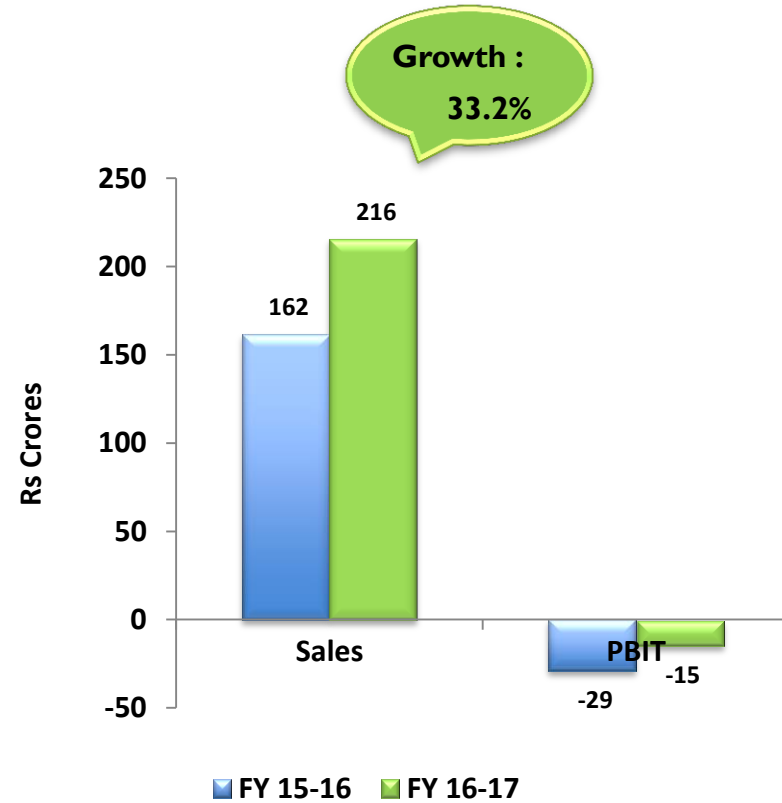
- Despite 12% revenue growth, loss of Rs 3 cr is on account of high advertising cost
- The profit of the division above is before the VRS cost of Rs.4 cr

Others

Q3 FY 16-17

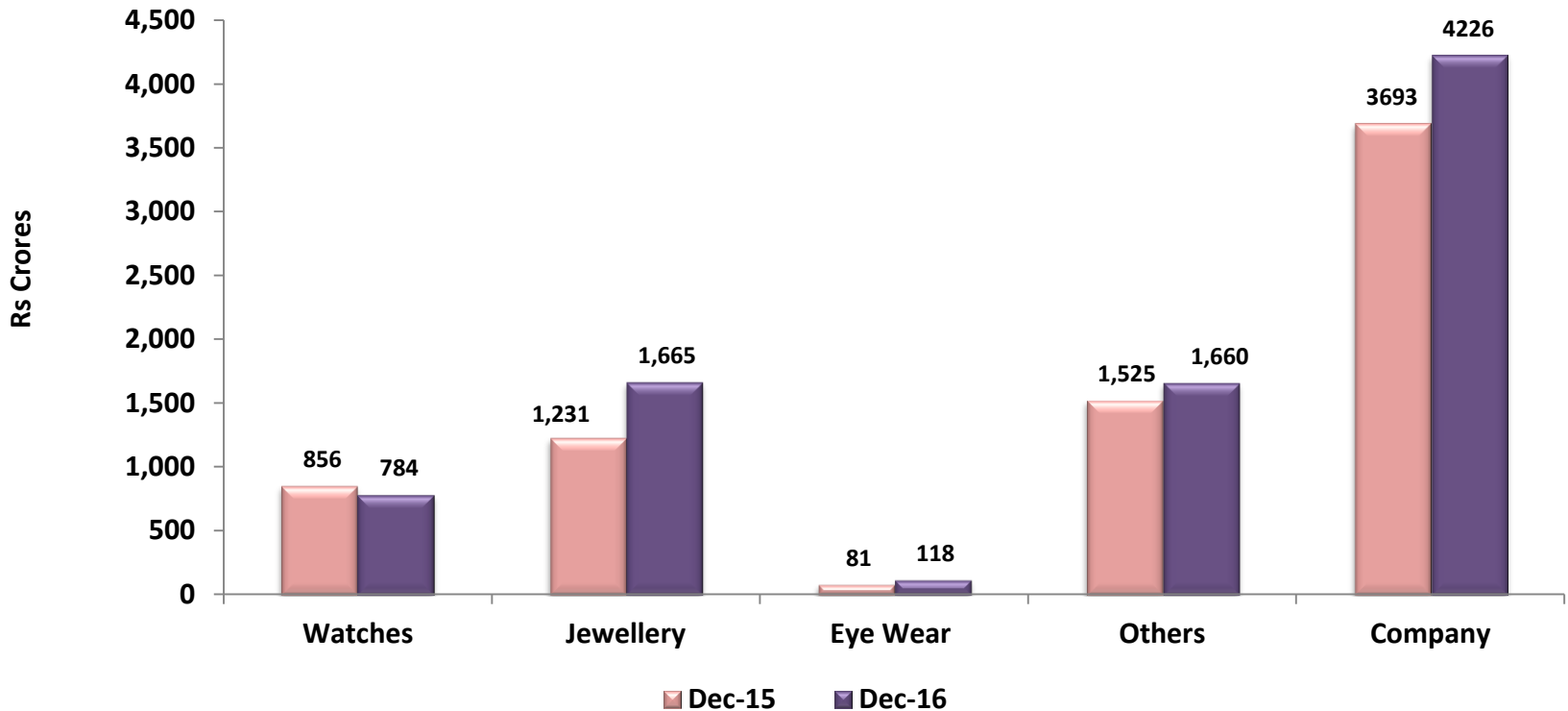


YTD FY 16-17



- PED revenue grew by 47% in Q3 FY 17 but overall growth in the Others segment was reduced to some extent by low growth in accessories business

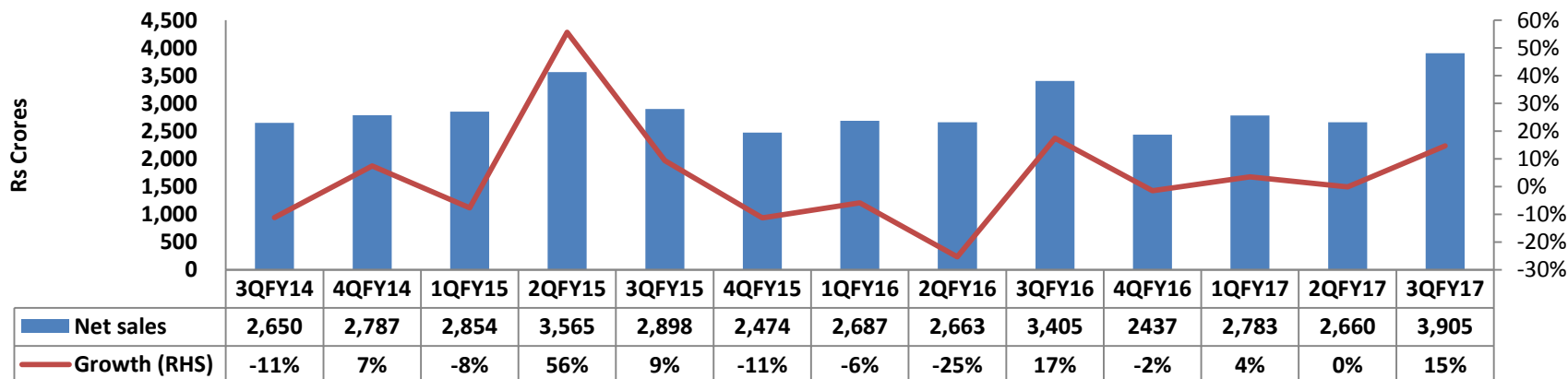
Capital Employed



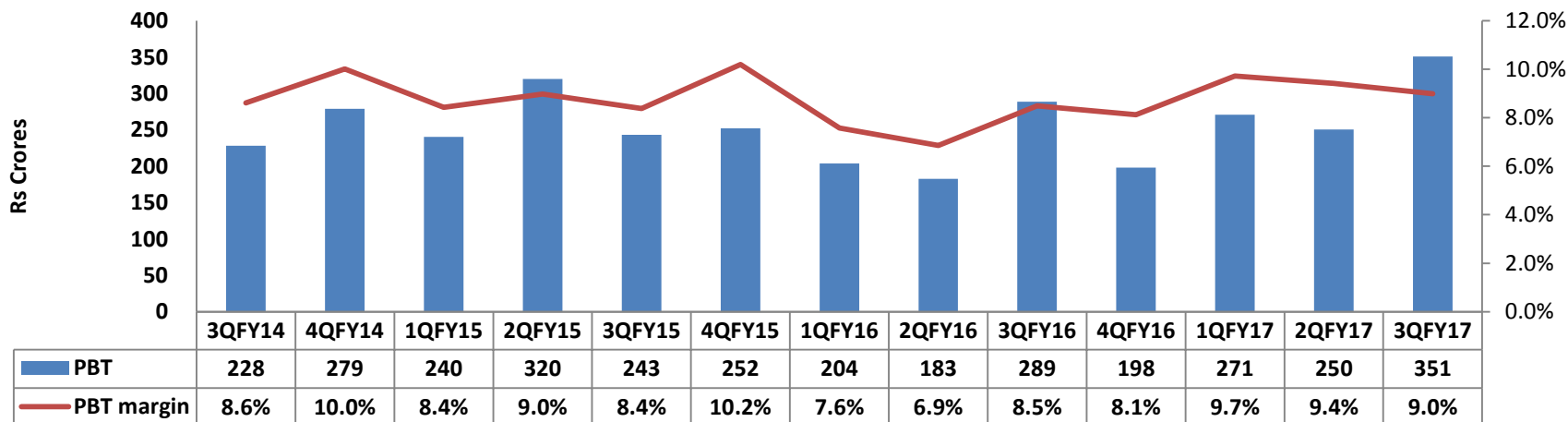
- Jewellery capital employed increased due to raw material stock build up in account of the exchange scheme and stock built up for studded activation
- Capital employed includes investment in CaratLane (Rs 357 cr)

Quarterly Performance Trends

Company: Net Income

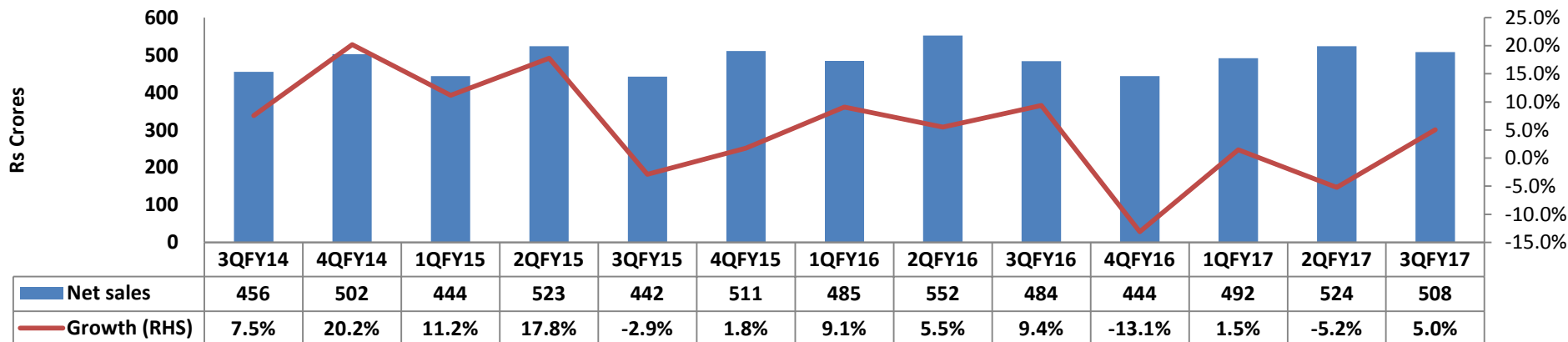


Company: PBT & Margin

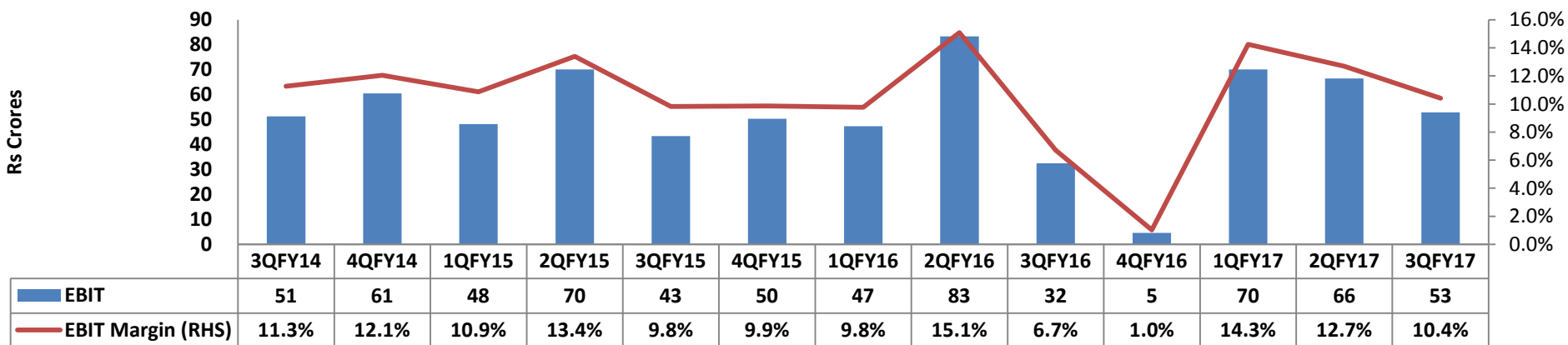


Quarterly Performance Trends

Watches: Net Income

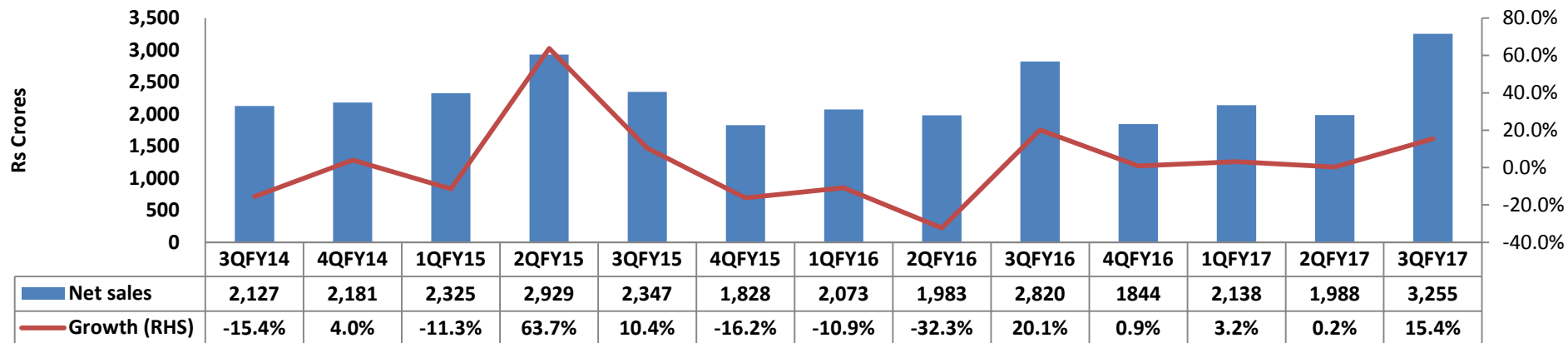


Watches: EBIT & Margin

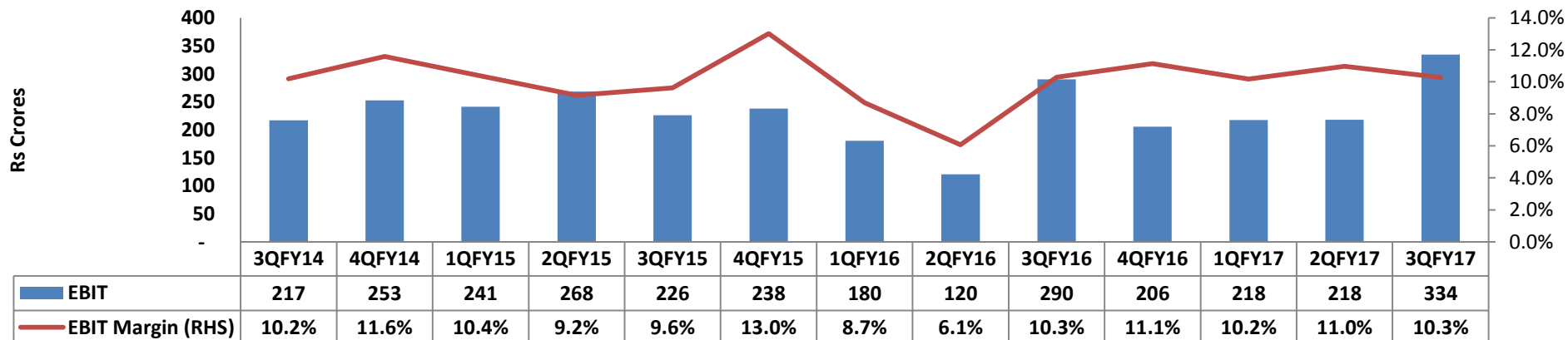


Quarterly Performance Trends

Jewellery: Net Income



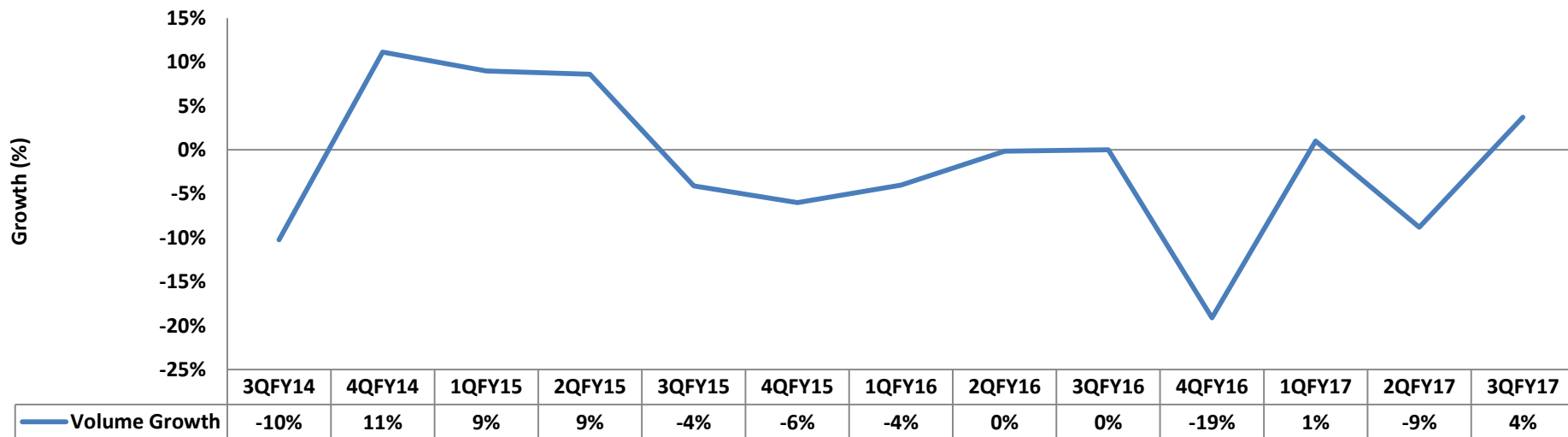
Jewellery: EBIT & Margin



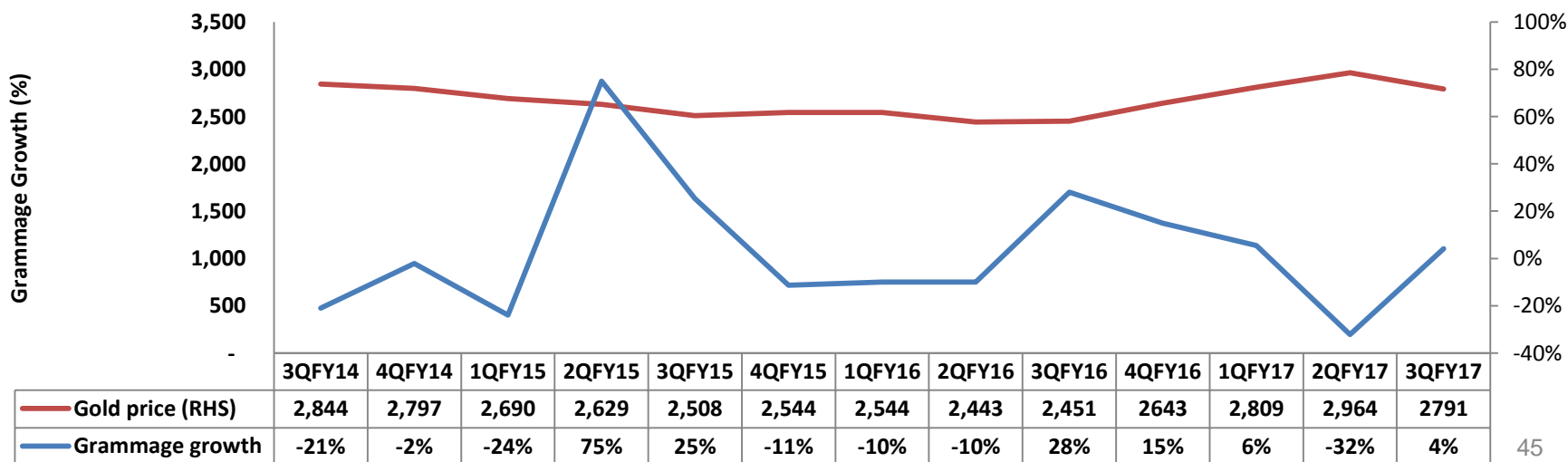
Quarterly Performance Trends



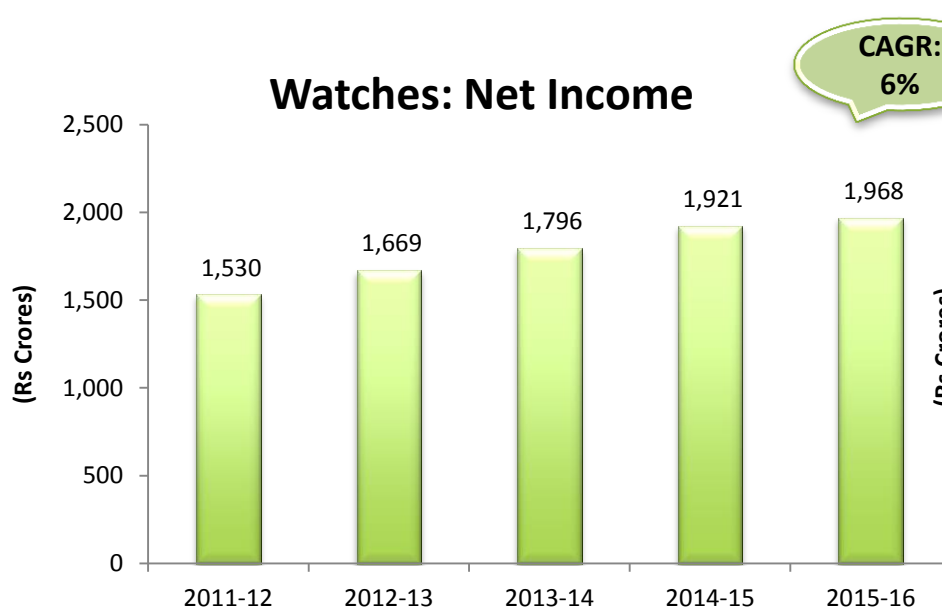
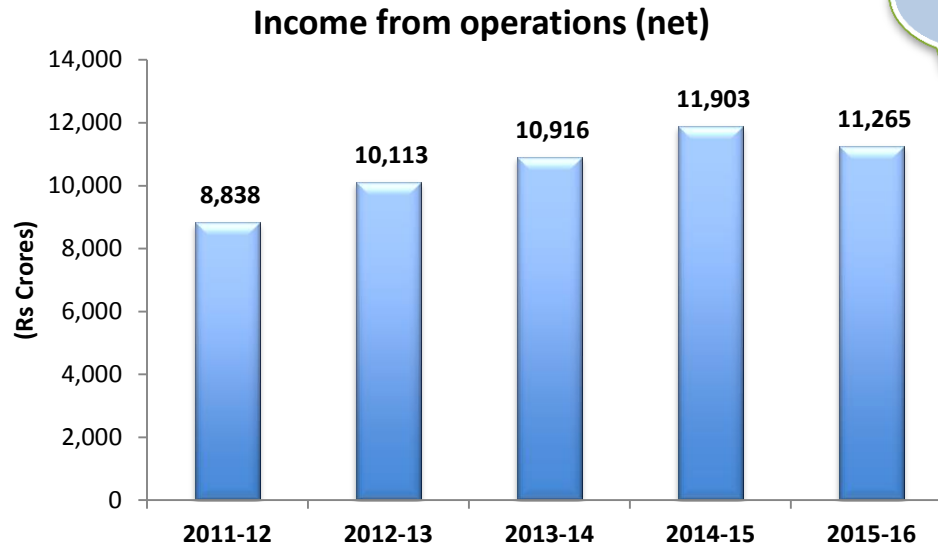
Watches: Volume growth



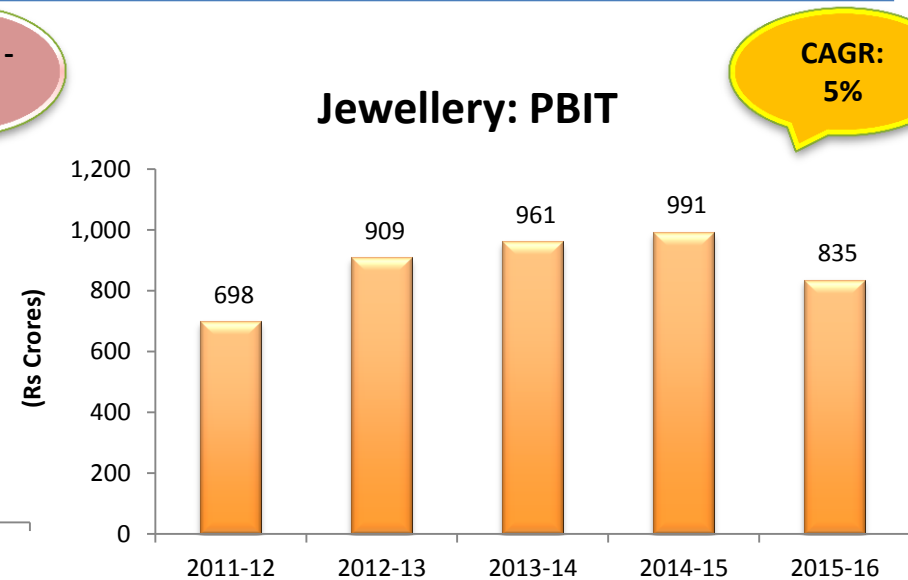
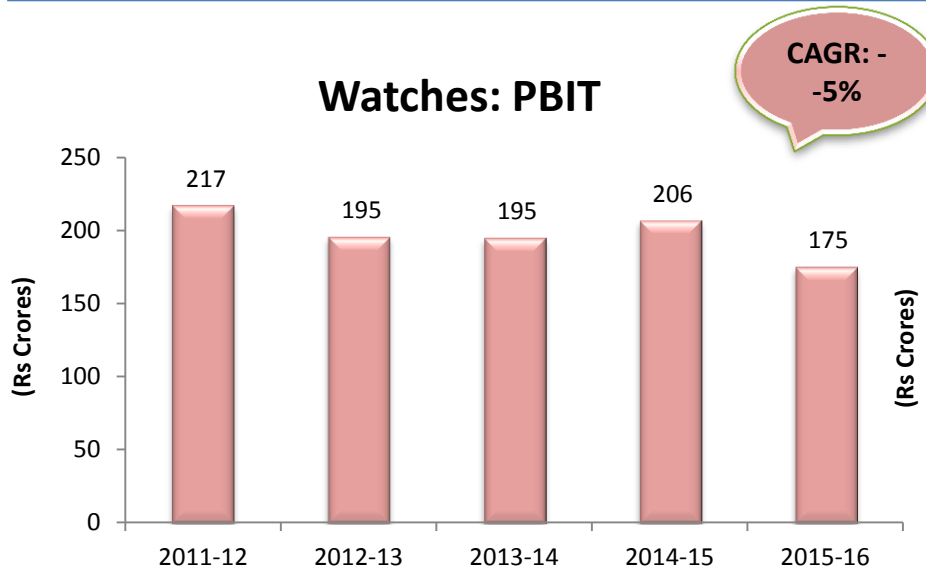
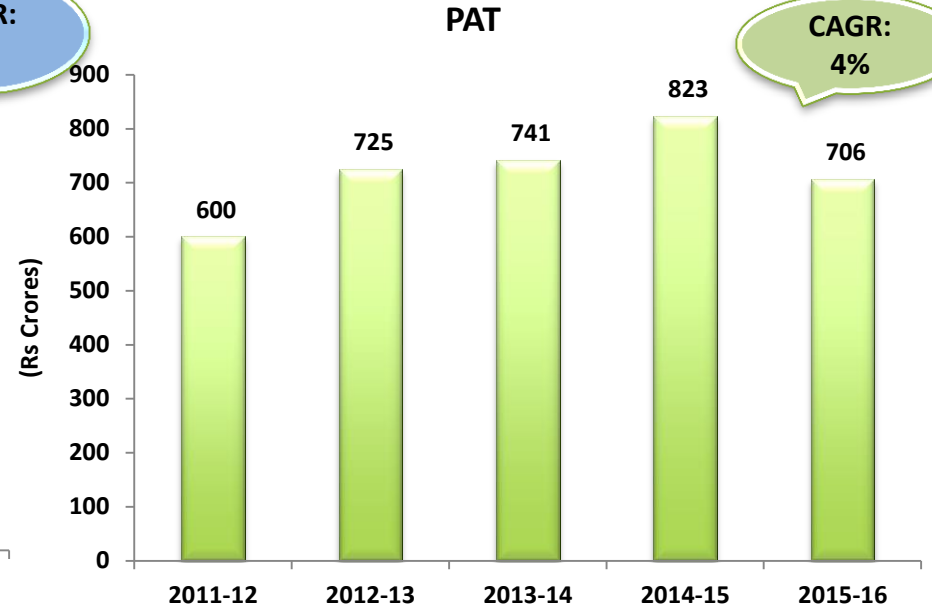
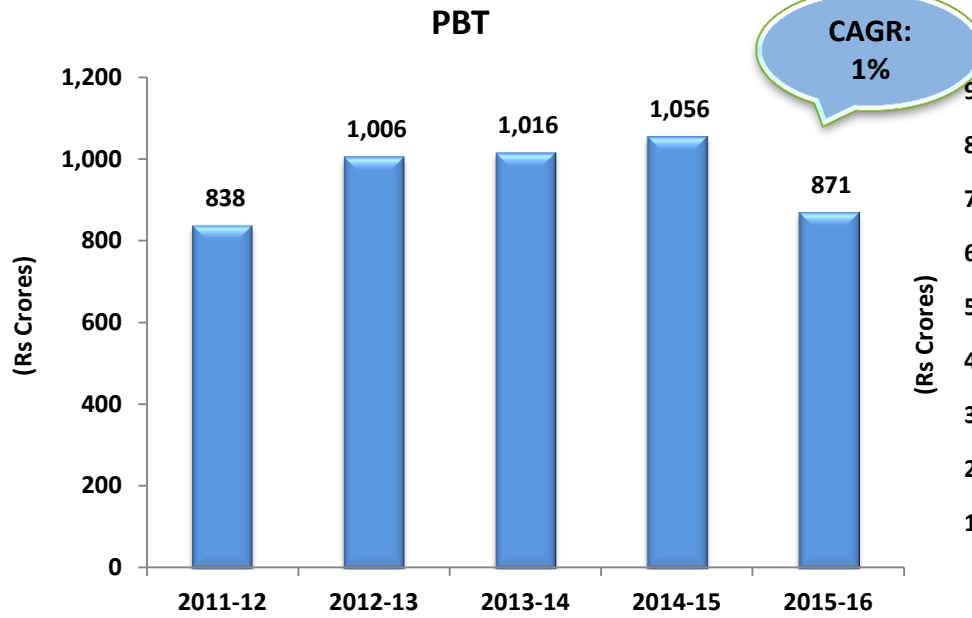
Jewellery: Gold price (22 kt) and Grammage growth



Annual Performance Trends

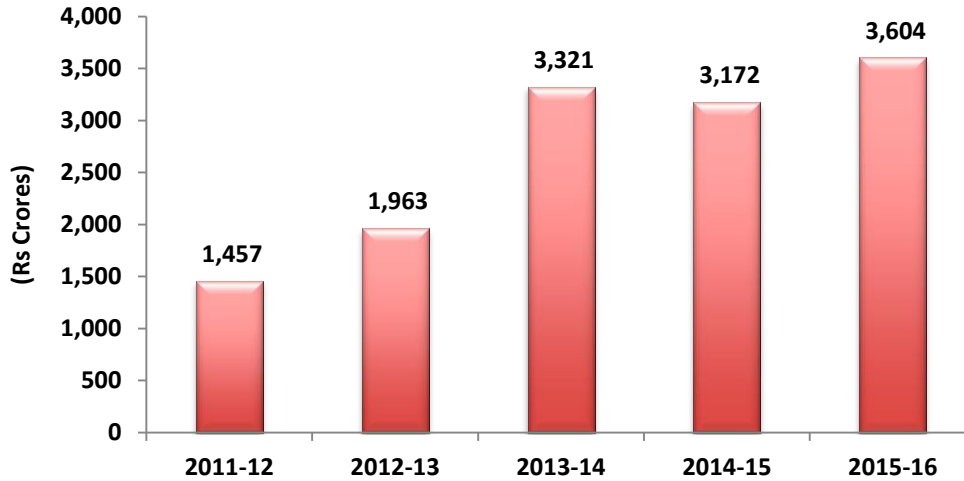


Annual Performance Trends



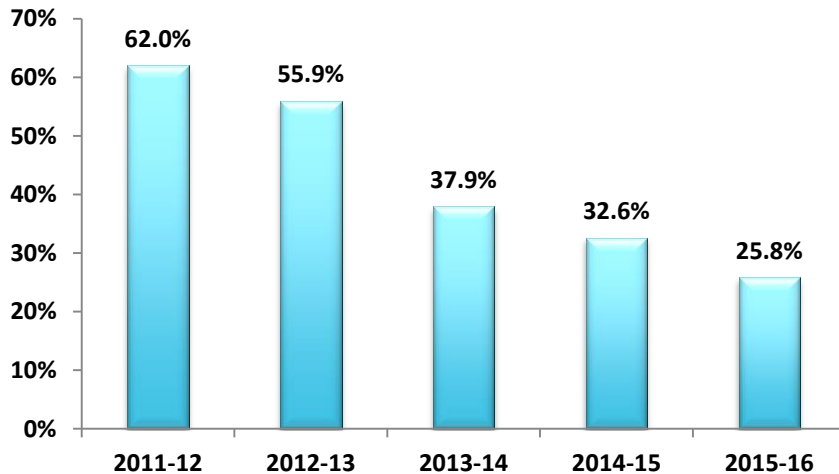
Annual Performance Trends

Capital Employed

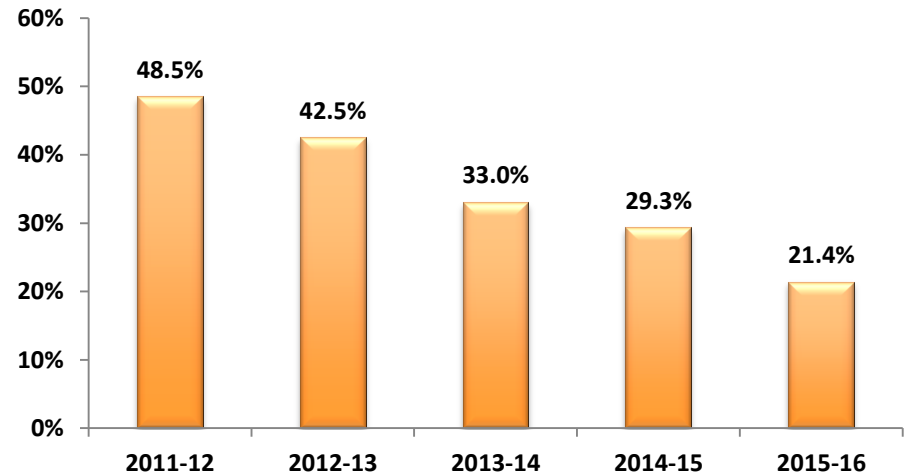


• Disruption in Gold on lease scheme increases Capital Employed sharply

ROCE

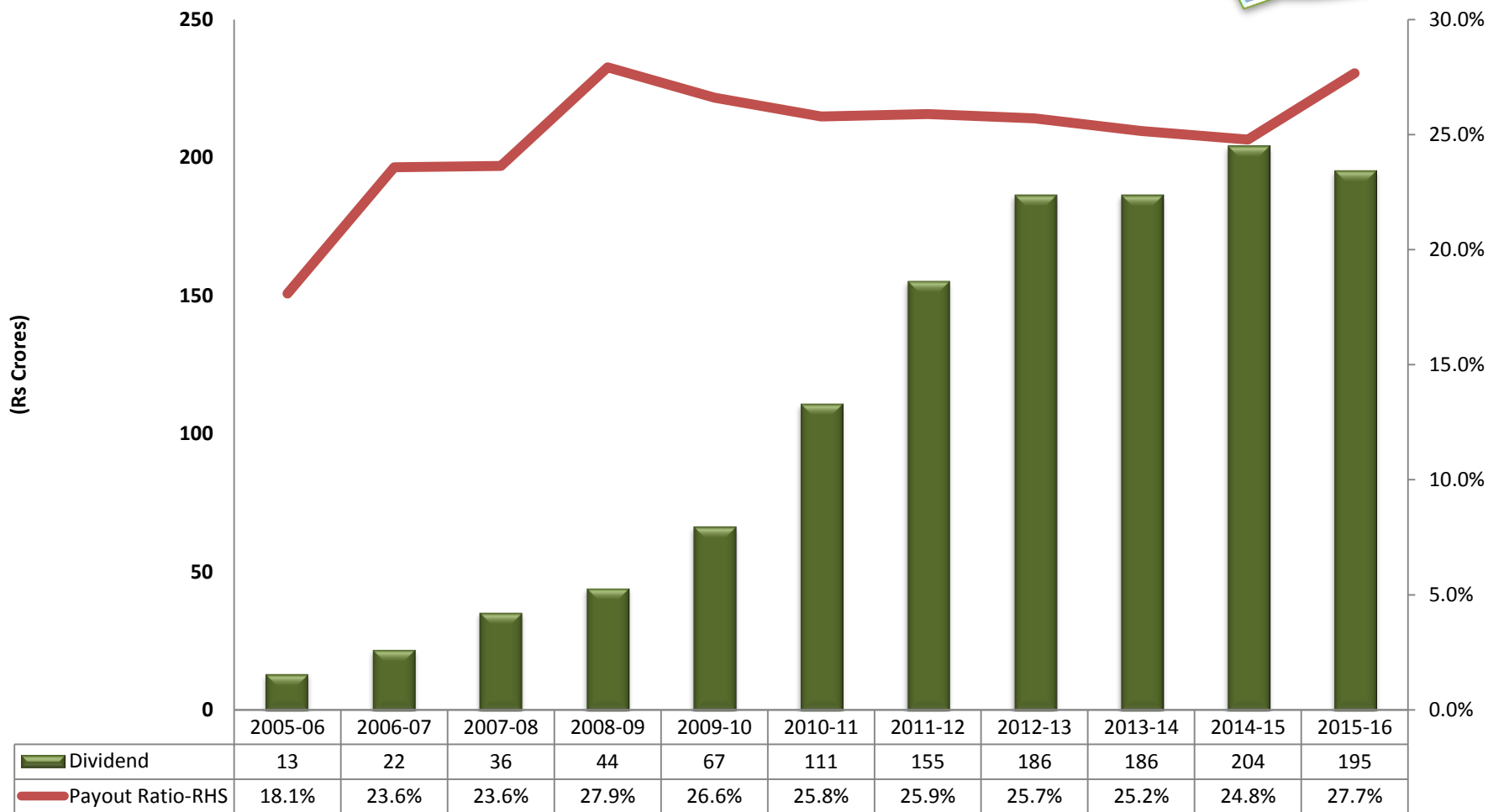


ROE



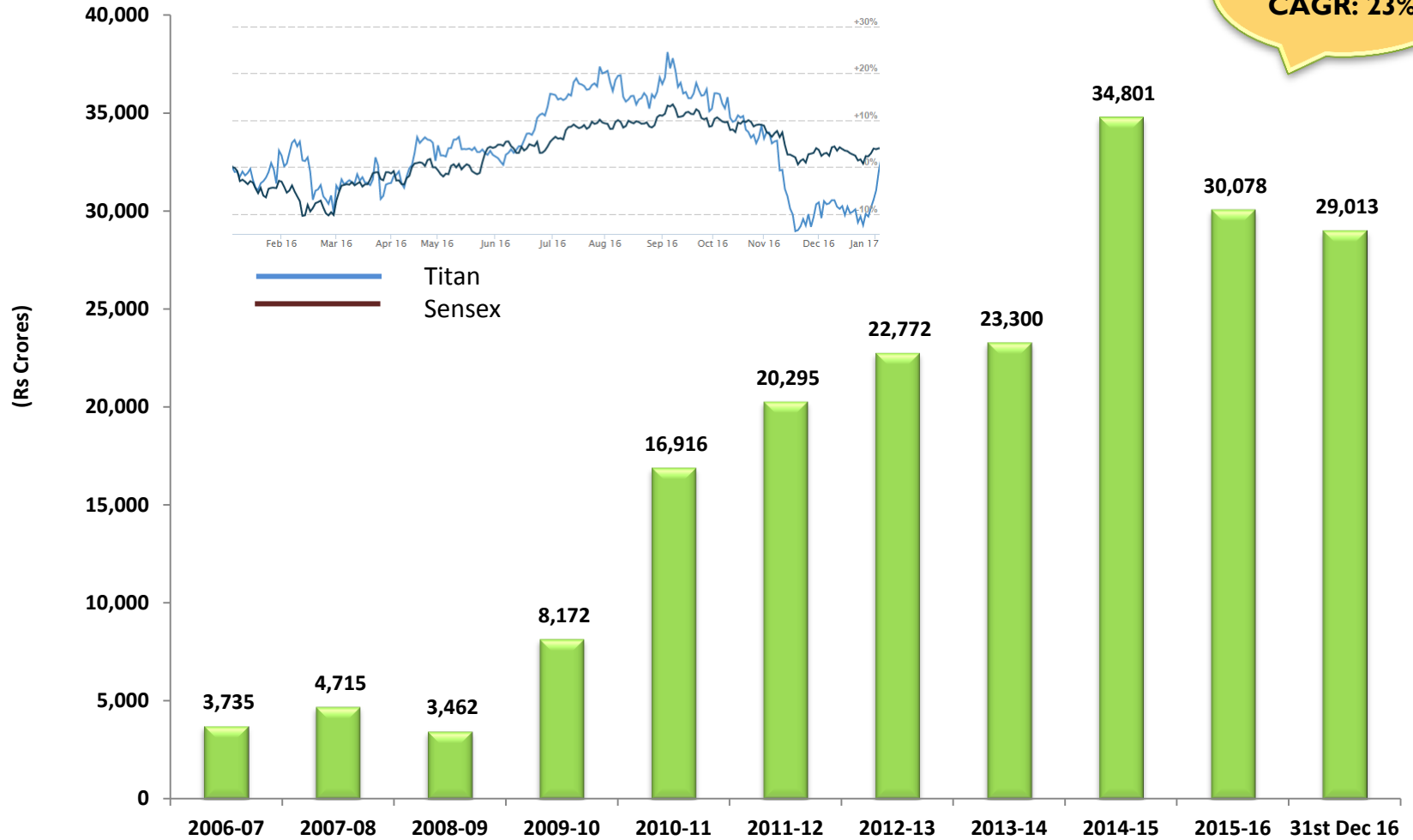
Dividend

**10 year
CAGR: 31%**



Market Capitalisation

**10.75 year
CAGR: 23%**



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

Sustainability @ Titan

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



TITAN
COMPANY