

Titan Company Limited

Delivering value by creating brands

May 2014



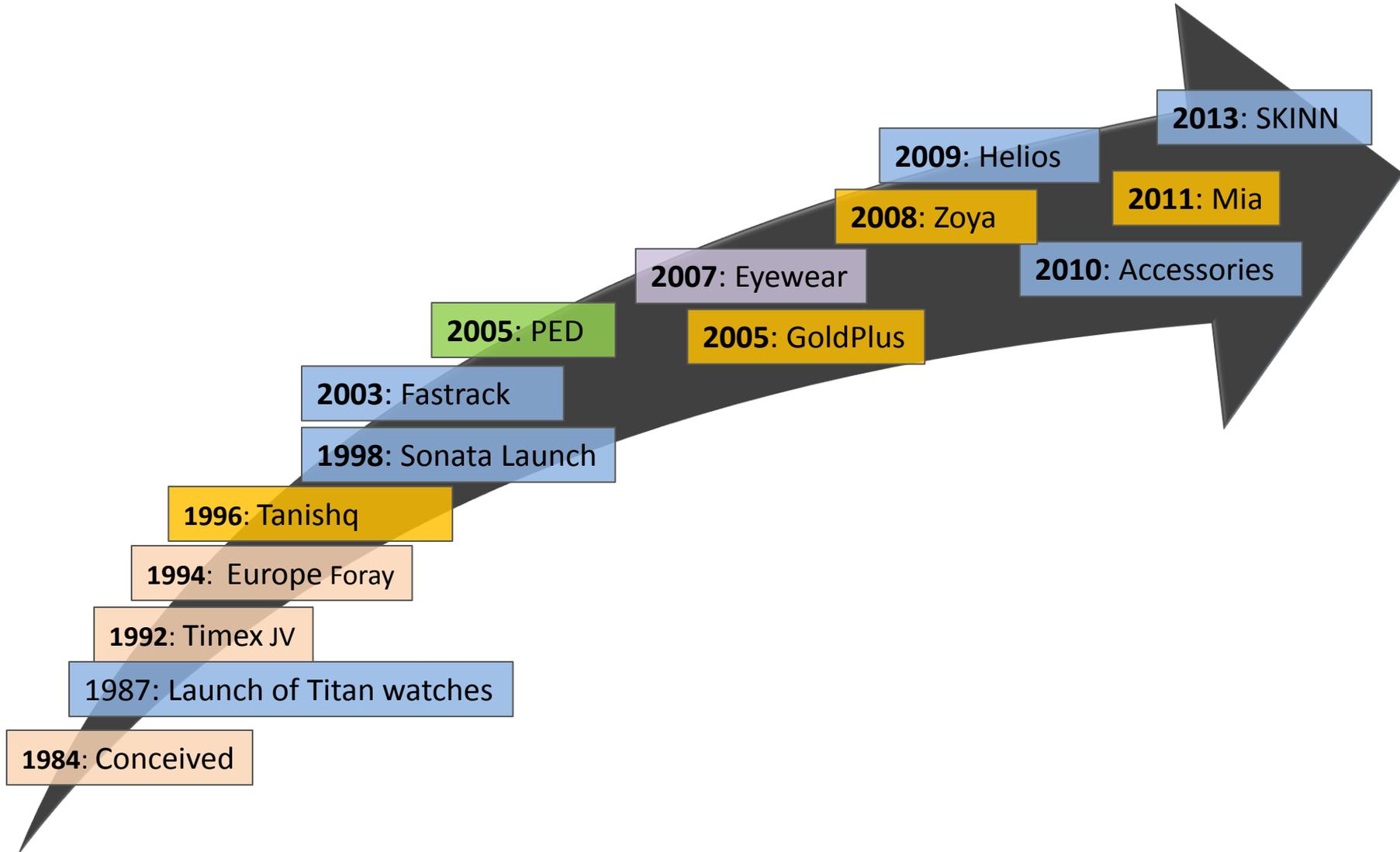
Disclaimer



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



Our Brands



Luxury

ZOYA

Premium



Mid Market



Mass Market



India's largest specialty retailer



Luxury

ZOYA 2

Premium

HELIOS 49

Mid Market

WORLD of TITAN 401

TANISHQ 163

TITAN EYE+
WORLD CLASS OPTICAL STORES
280

Service Centres

755

fastrack 150

Mass Market

GOLDPLUS 33
from TATA

1,078 Exclusive stores

199 Towns

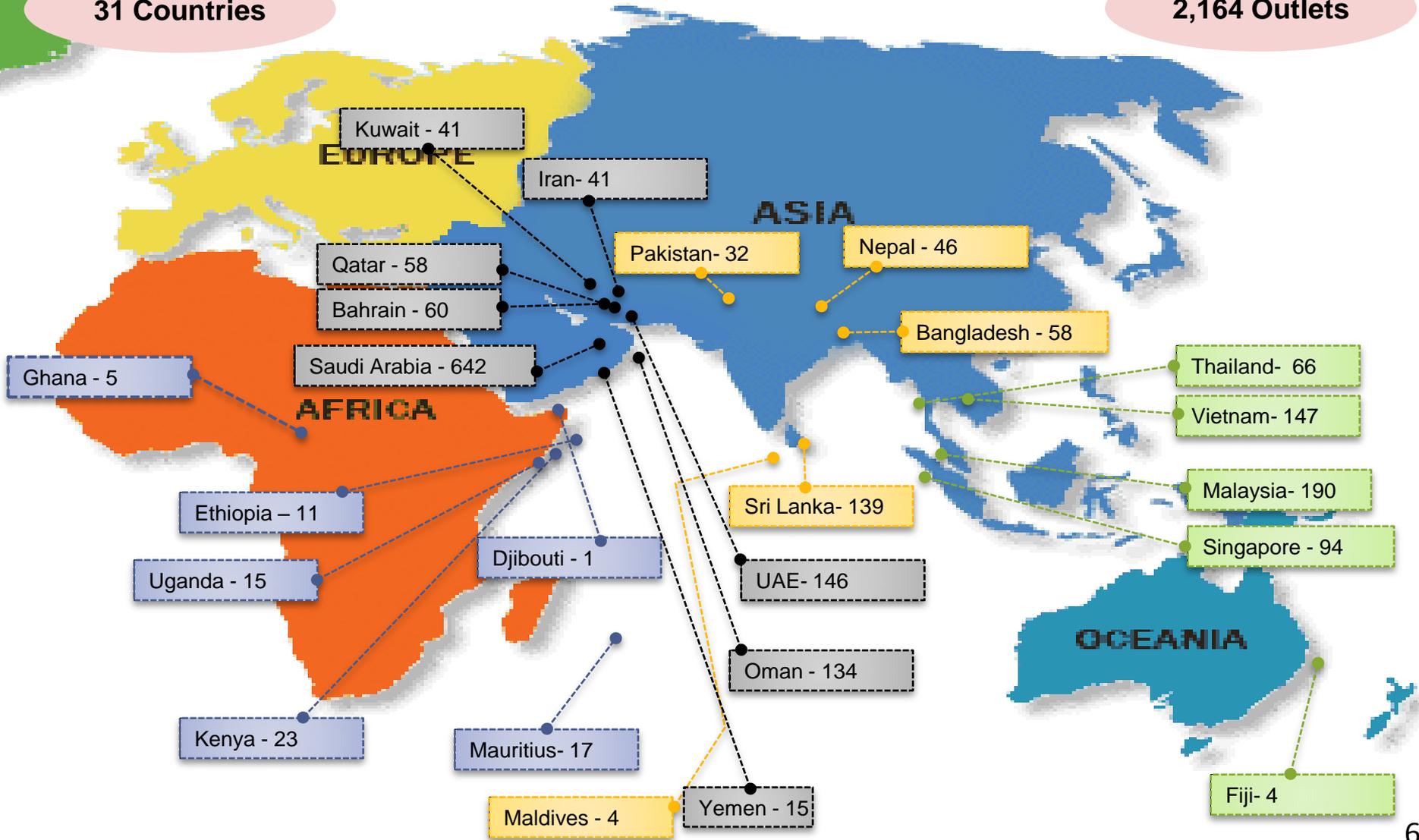
Over 1.45 million sft
of retail space

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: 1,078 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

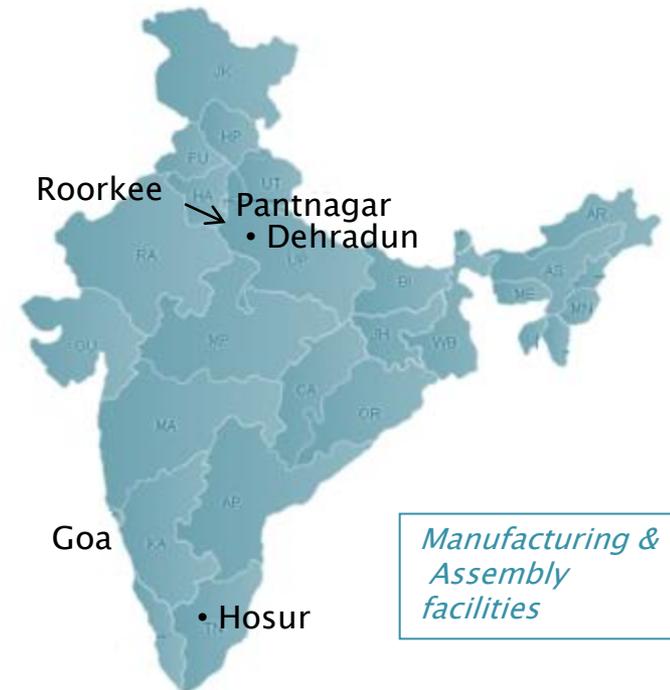
- Exclusive “World of Titan” outlets
- “Fastrack” outlets
- Multi-brand outlets: “Helios”
- Multi-brand dealers and stores
- Large-format stores like Shoppers’ Stop, Lifestyle etc

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

 <p>WORLD of TITAN</p>	<ul style="list-style-type: none">• 401 showrooms (37 added YTD including 30 conversions of TitanOne)• 164 towns – 401k sft
	<ul style="list-style-type: none">• 150 stores / kiosks (10 added YTD)• 77 towns – 86k sft
	<ul style="list-style-type: none">• 49 stores (3 added YTD)• 22 towns – 66k sft
<p>Service Centres</p>	<ul style="list-style-type: none">• 755 outlets• 268 towns
<p>Retail All India</p>	<ul style="list-style-type: none">• 11,000 dealers• 2,500 towns
<p>International</p>	<ul style="list-style-type: none">• 2,164 outlets• 31 countries

Jewellery



ZOYA

TANISHQ

GOLDPLUS
from TATA

Mia



Jewellery

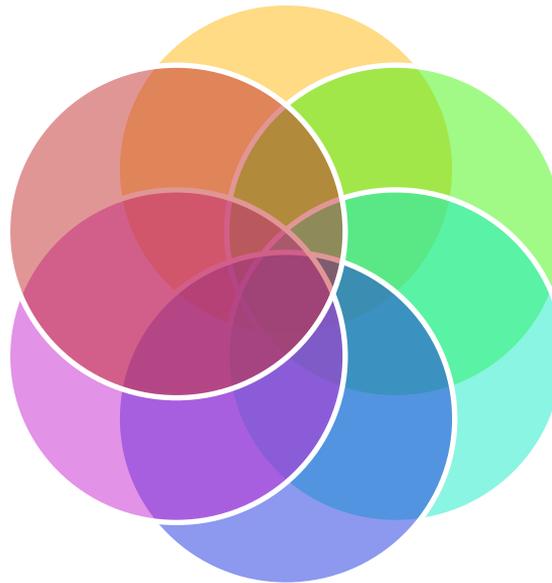


Largest jewellery retailer in India

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

- 165 stores including 2 Zoya stores (17 added YTD)
- 639k sft (112k sft added YTD)
- 91 towns

GOLDPLUS
from TATA

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

Eyewear & Precision Engineering



Eyewear

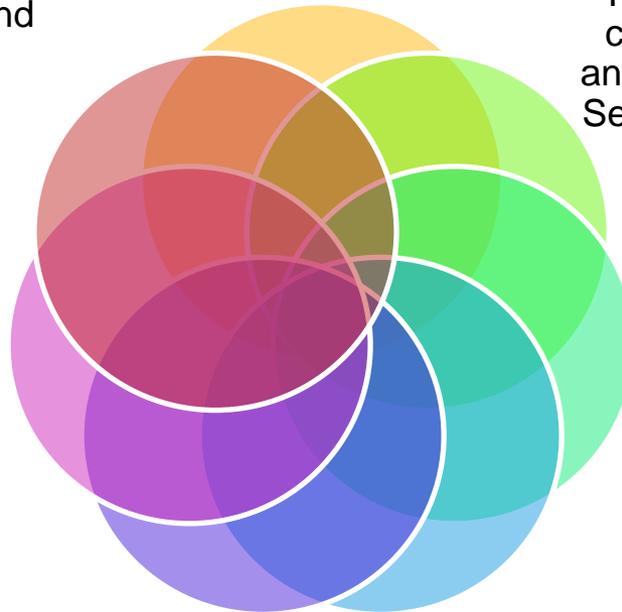


India's largest optical retail chain
- 280 retail outlets, 103 towns

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



Q4 Performance

Q4 Background



- Weak consumer demand continues – affecting growth in both Watches and Jewellery
- RBI has given approval to the company for hedging of its gold inventory on international commodity exchanges – brings back efficiency to hedging
- Issues with gold supply in the market persist – high premium on gold continues encouraging smuggling
- Sale of gold coins resumed – uptake very lukewarm
- Focus on retail network expansion continues – 39 stores (44 k sft) added during the quarter across divisions. Year-to-date addition of 125 stores (180k sft), including 30 TitanOne conversions
- Company entered into a JV agreement with Montblanc for single brand retail trade in India
- Golden Harvest scheme, as it currently operates, could be affected by Deposit rules under the new Companies Act, 2013 – company seeking clarity from Ministry of Corporate Affairs

Q4 - Retail growth

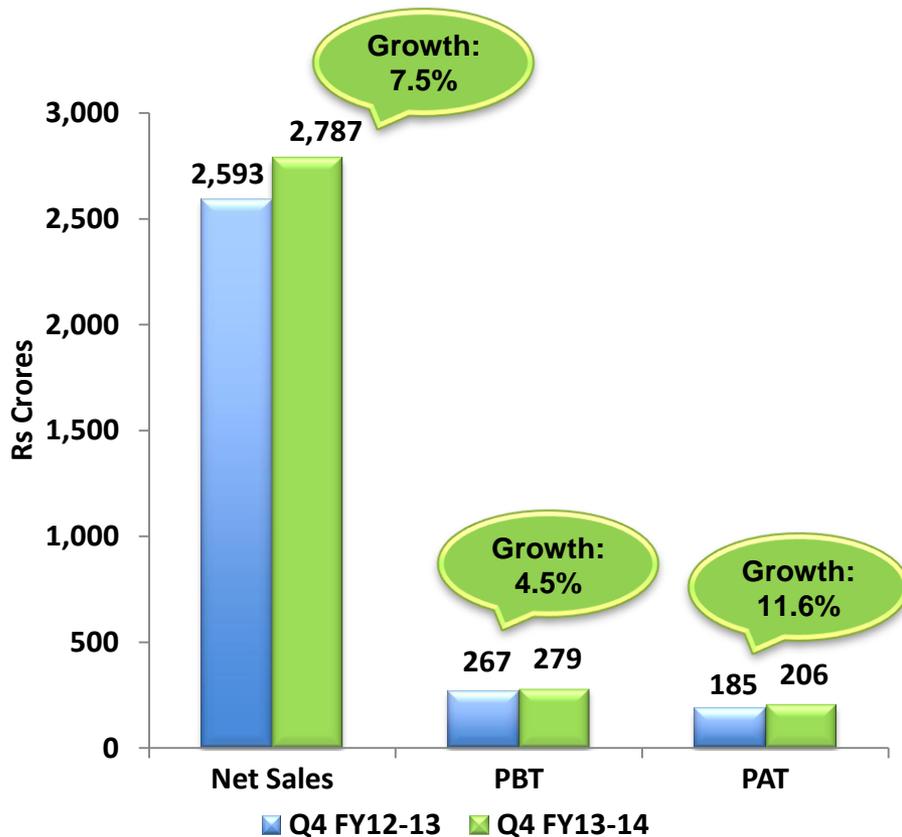


	Sales value growth	Like to like growth
World of Titan	12%	8%
Tanishq	13%	6%
Goldplus	-14%	-18%
Helios	27%	5%
Fastrack	11%	0%
LFS	2%	1%
Titan Eye+	35%	21%

Company performance

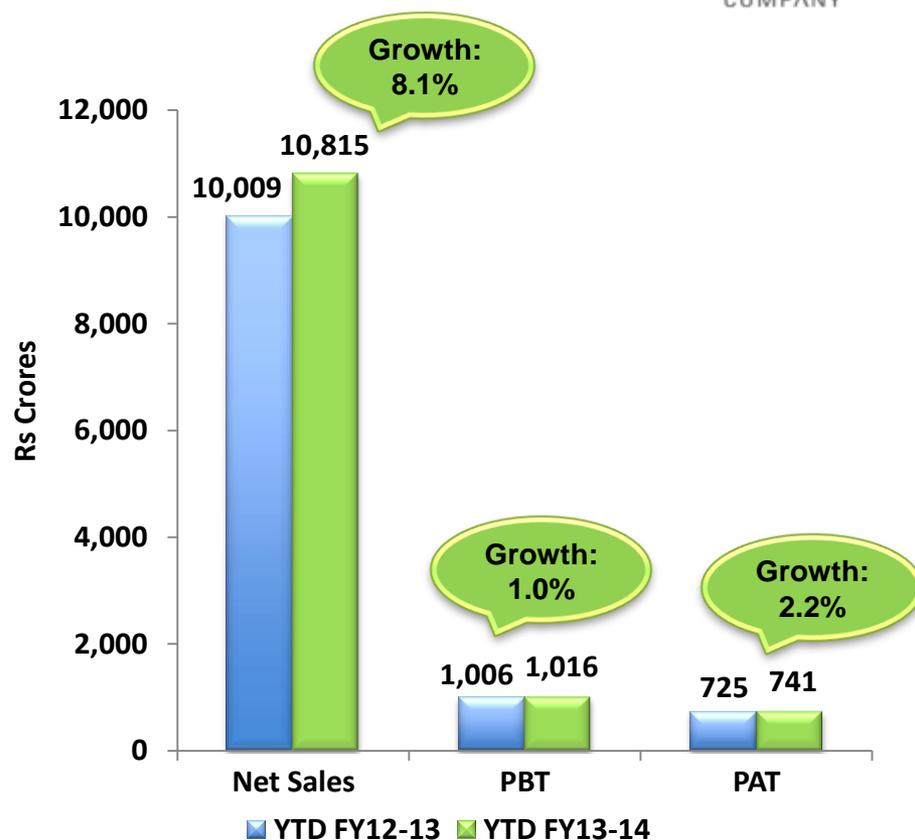


Q4 Performance



- Sales growth (excluding gold coin sales): 11%
- PBIT margin remains at 10.8%; however PBT margin declined from 10.3% to 10%

YTD Performance



- Growth in revenue in all divisions
- PBT margin declined from 10.1% to 9.4% with increase in finance costs

Segment reporting



- The method of allocating operating cash balances to segments changed due to regulatory changes in relation to gold purchases resulting in company resorting to borrowings. Segment reporting in the published financials is as per AS 17 where cash and interest income remain unallocated and are included in the “Corporate” unallocated segment.
- However, for internal management review purposes, cash balance and consequently interest income has been allocated based on cash generated by each segment.
- Segment numbers in this presentation are as per internal management reporting.

Segment Reporting for Internal Review



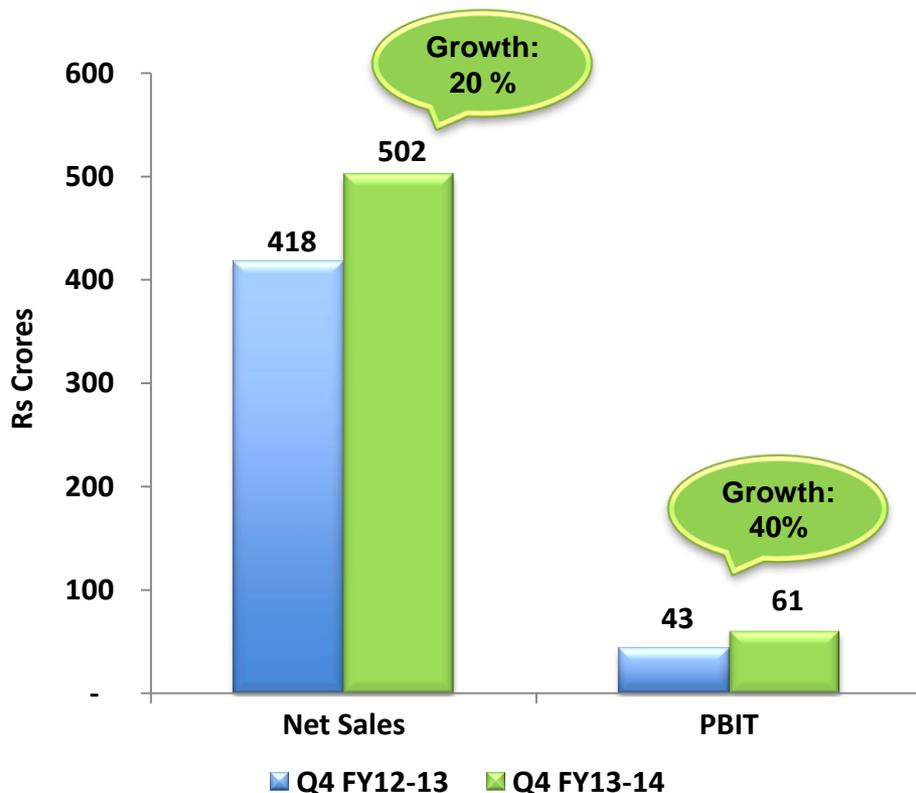
Rs lakhs

	Quarter ended 31-03-2014	Quarter ended 31-12-2013	Quarter ended 31-03-2013	Year ended 31-3-2014	Year ended 31-3-2013
Net sales / Income from segments					
Watches	50,206	45,129	41,762	179,643	166,916
Jewellery	218,064	213,411	209,652	873,925	812,579
Others	14,616	11,642	12,875	50,002	41,384
Corporate (Unallocated)	2	2	-14	28	465
Total	282,888	270,184	264,275	1,103,598	1,021,344
Profit / (Loss) from segments before finance costs and taxes and after share of profit of associate					
Watches	6,052	4,711	4,337	19,455	19,514
Jewellery	25,266	22,434	25,197	96,075	90,865
Others	309	-178	111	402	-332
Total	31,627	26,967	29,645	115,932	110,047
Less : Finance Costs	2,274	2,739	1,421	8,711	5,064
Unallocable expenditure net of unallocable income	1,462	1,405	1,538	5,628	4,356
Profit before taxes	27,891	22,823	26,686	101,593	100,627
Capital Employed					
Watches	58,195	57,109	57,639	58,195	57,639
Jewellery	230,077	232,888	106,813	230,077	106,813
Others	21,450	19,479	17,090	21,450	17,090
Corporate (Unallocated)	22,366	25,546	14,745	22,366	14,745
Total	332,088	335,022	196,287	332,088	196,287

Watches

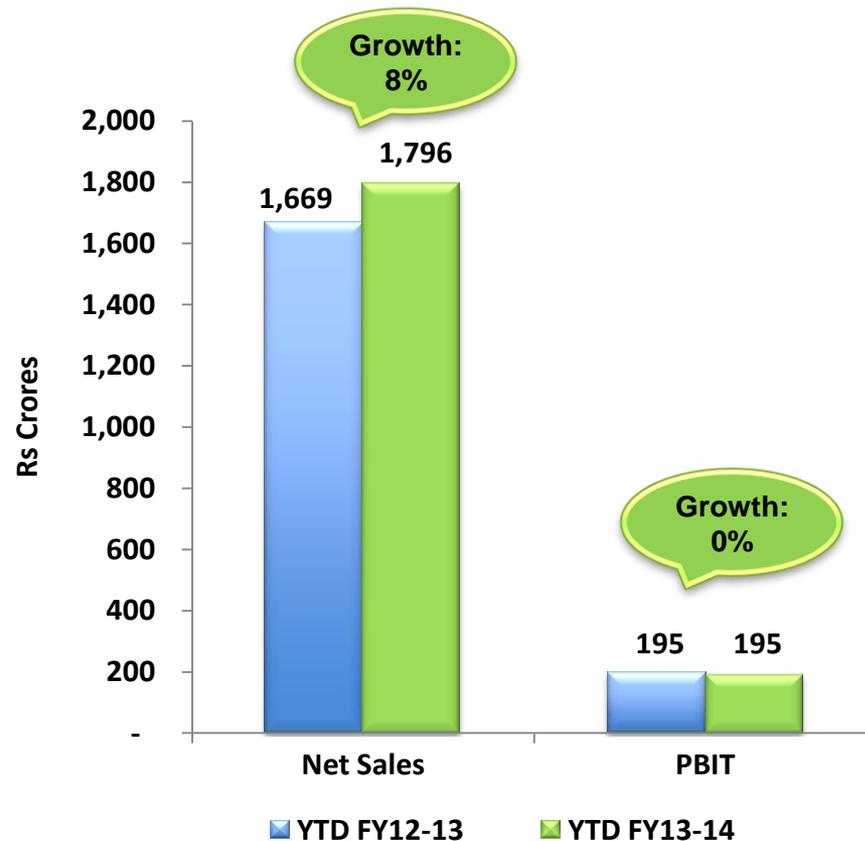


Q4 Performance



- Volume growth: 11% on the back of promotion schemes
- PBIT margin improves from 10.4% to 12.1% - previous year had an exceptional employee cost provision

YTD Performance

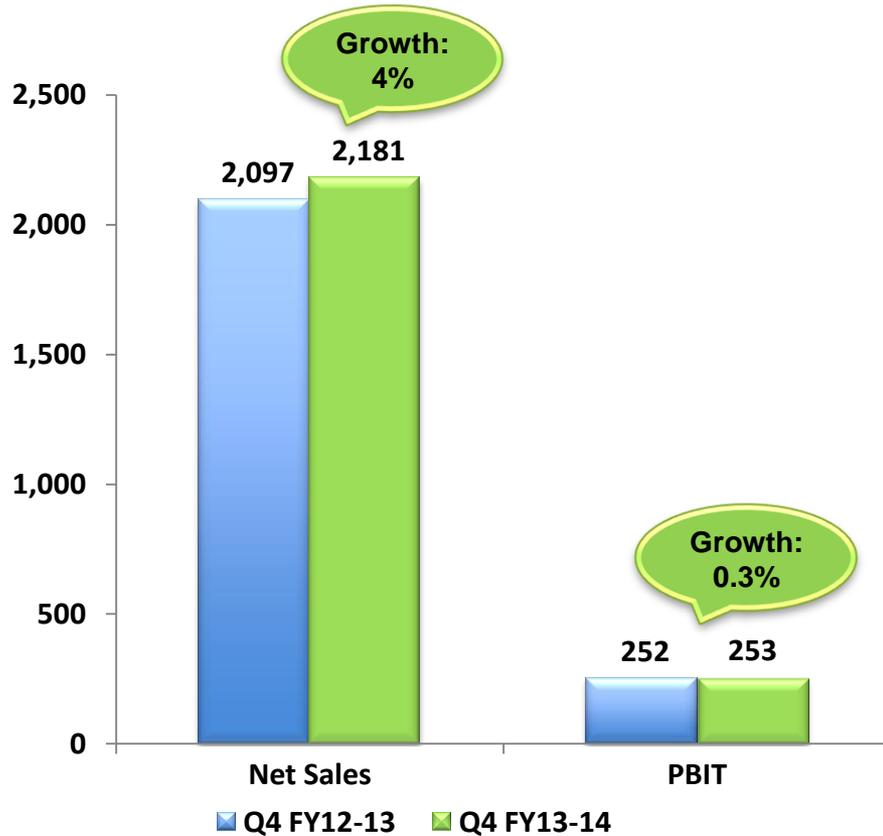


- Volume growth: (-6%)
- PBIT margin declined from 11.7% to 10.8% due to negative operating leverage

Jewellery

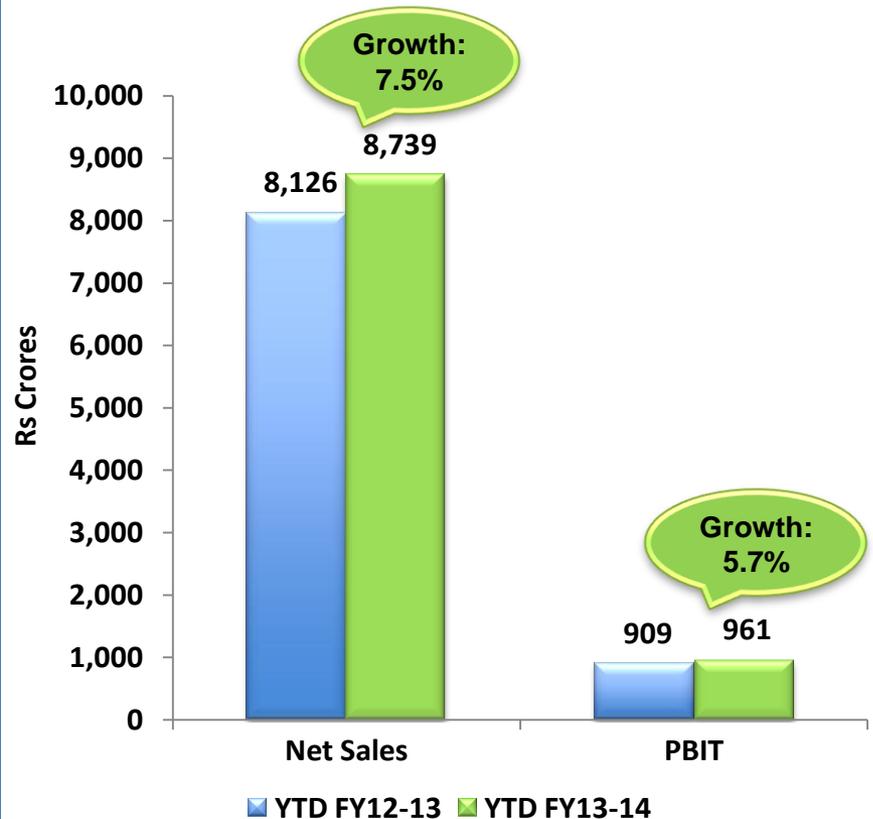


Q4 Performance



- Sales growth (excluding coins): 10%
- Customer growth: 3%
- Grammage growth: (-2%); excluding coins: 7%
- Share of studded jewellery: 37%

YTD Performance

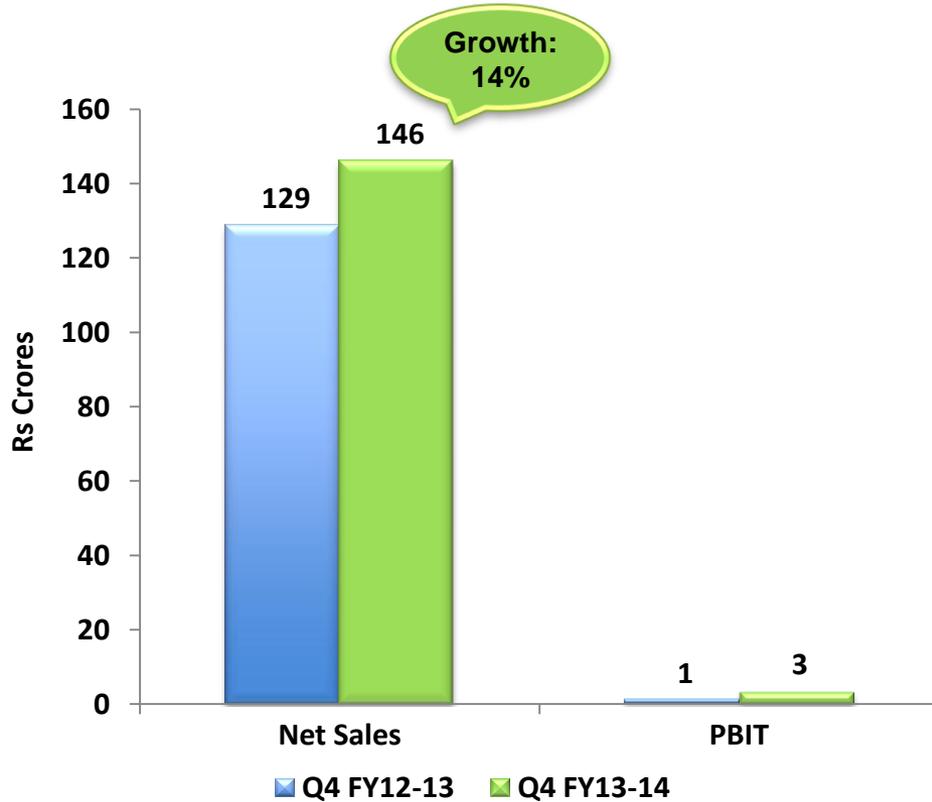


- Sales growth (excluding coins): 15%
- Customer growth: 9%
- Grammage growth: 8%; excluding coins: 20%
- Share of studded jewellery: 28%

Others Segment

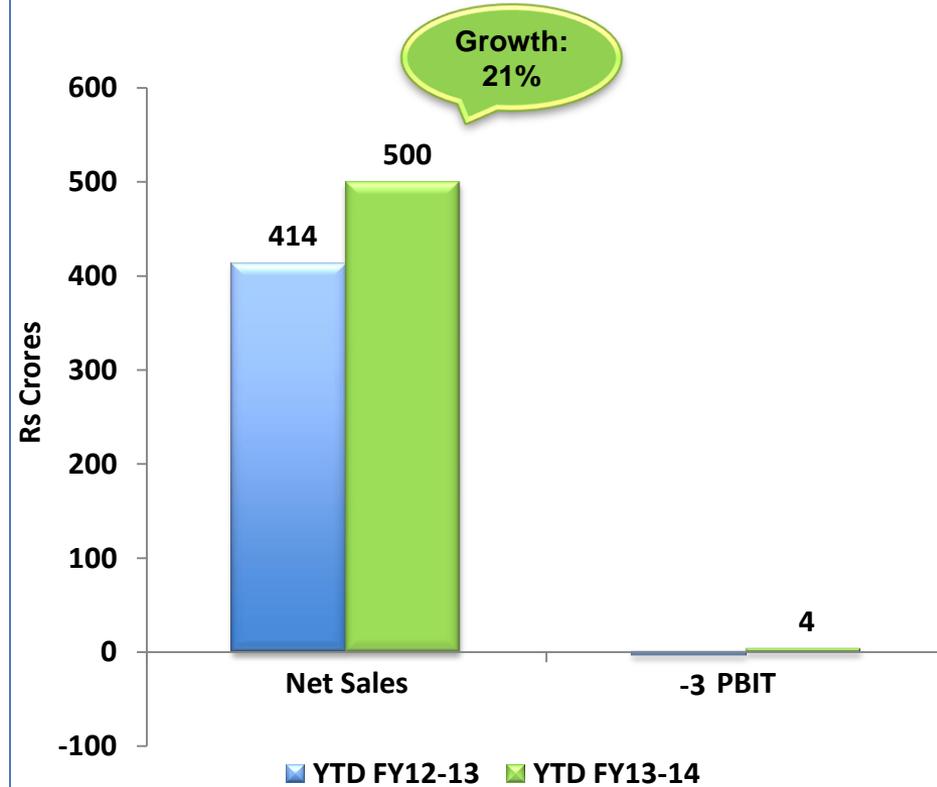


Q4 Performance



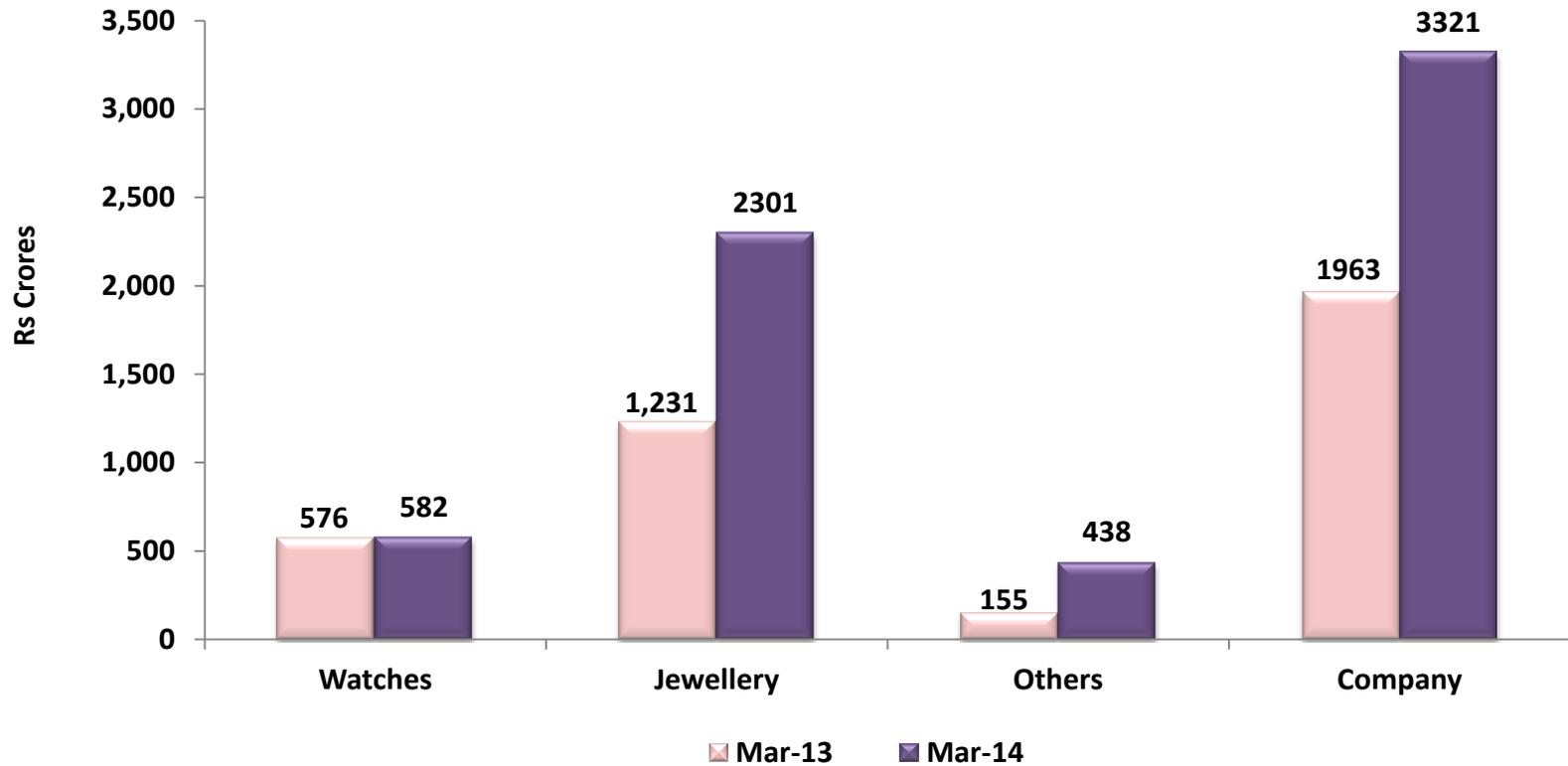
- Eyewear revenue growth: 17%
- PED revenue growth: 12%

YTD Performance



- Eyewear revenue growth: 20%
- PED revenue growth: 25%

Capital Employed

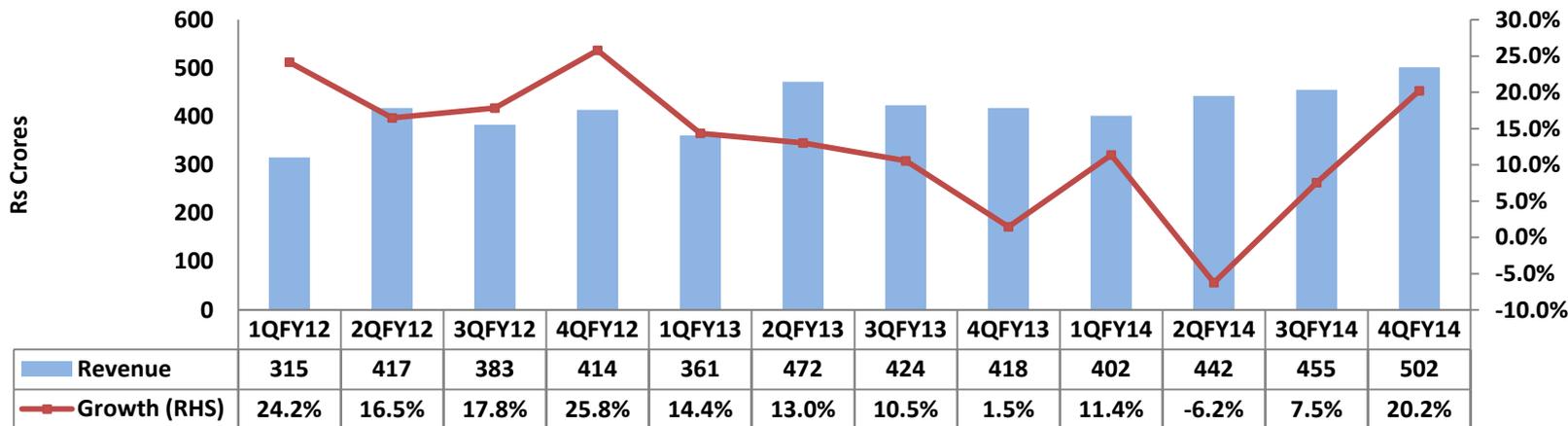


Increase in Capital Employed due to ban on gold-on-lease scheme

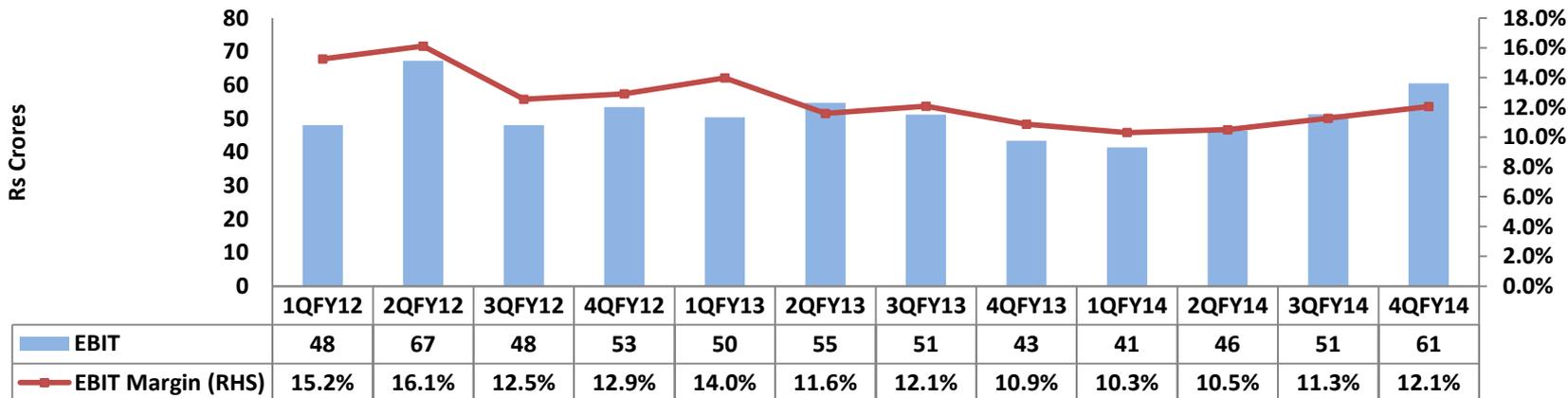
Performance Trends - Quarterly



Watches: Net Sales



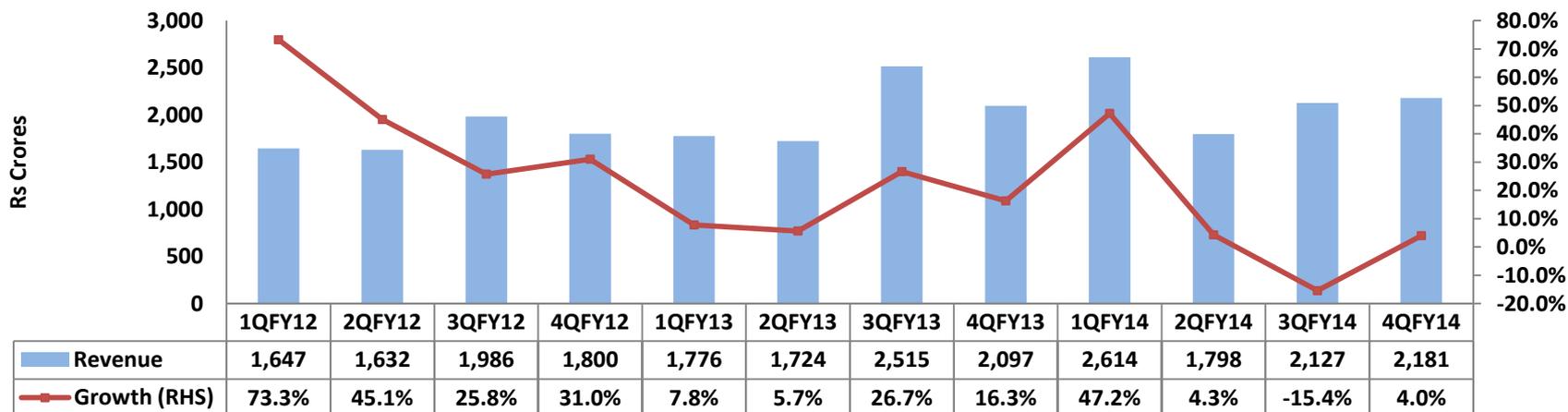
Watches: EBIT and Margin



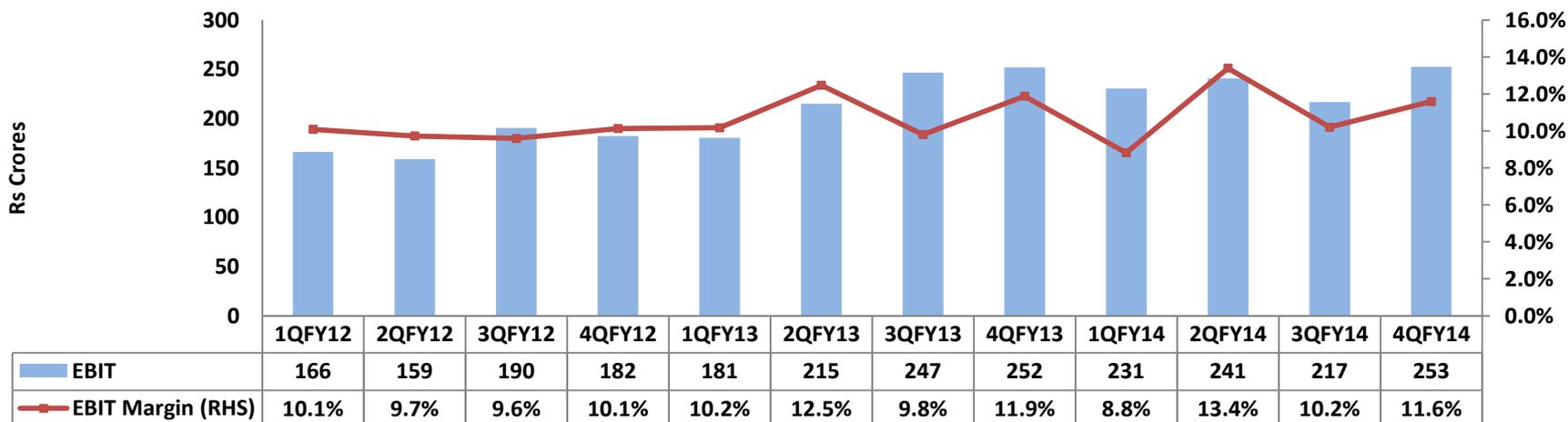
Performance Trends - Quarterly



Jewellery: Net Sales



Jewellery: EBIT and Margin



Performance Trends - Quarterly

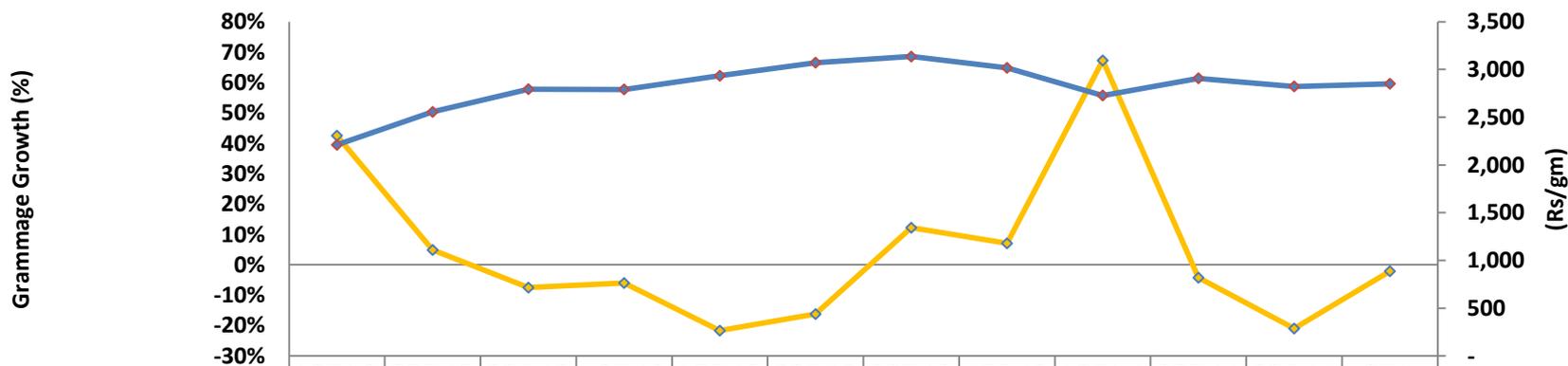


Watches: Volume growth



	1QFY12	2QFY12	3QFY12	4QFY12	1QFY13	2QFY13	3QFY13	4QFY13	1QFY14	2QFY14	3QFY14	4QFY14
Volume Growth	17%	18%	11%	14%	-3%	4%	4%	-10%	3%	-22%	-10%	11%

Jewellery: Gold price and Grammage growth

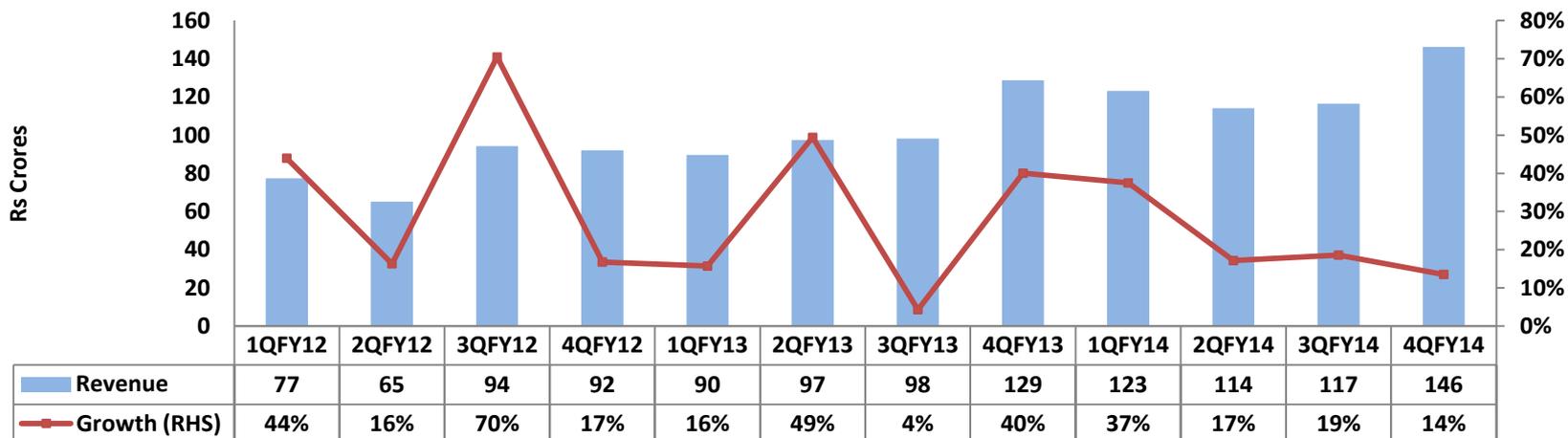


	1QFY12	2QFY12	3QFY12	4QFY12	1QFY13	2QFY13	3QFY13	4QFY13	1QFY14	2QFY14	3QFY14	4QFY14
Grammage growth	42%	5%	-8%	-6%	-22%	-16%	12%	7%	67%	-4%	-21%	-2%
Gold price (RHS)	2,210	2,555	2,794	2,791	2,934	3,072	3,135	3,017	2,728	2,908	2,823	2,851

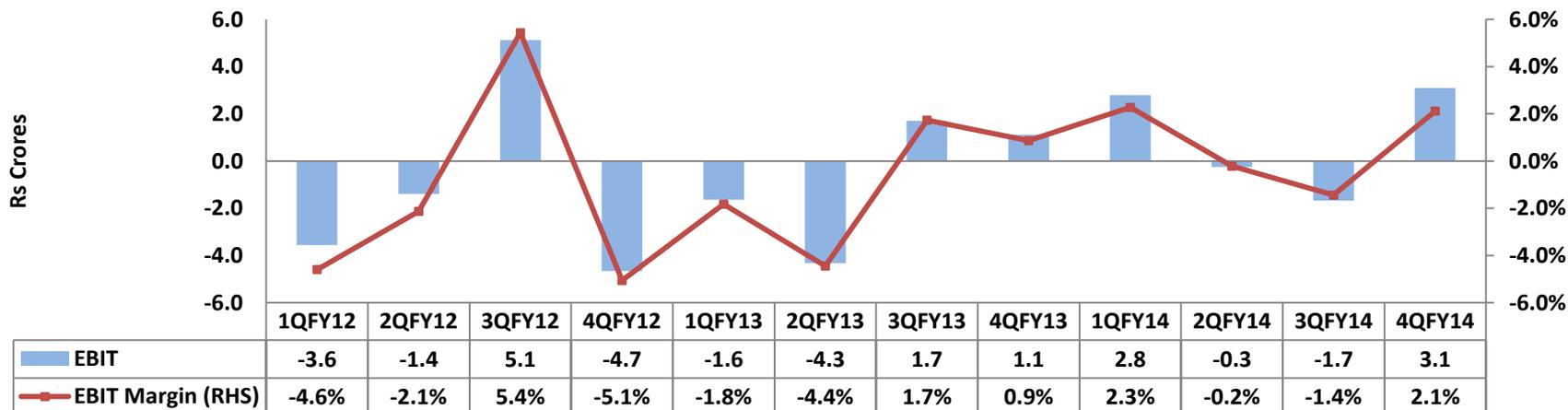
Performance Trends - Quarterlyly



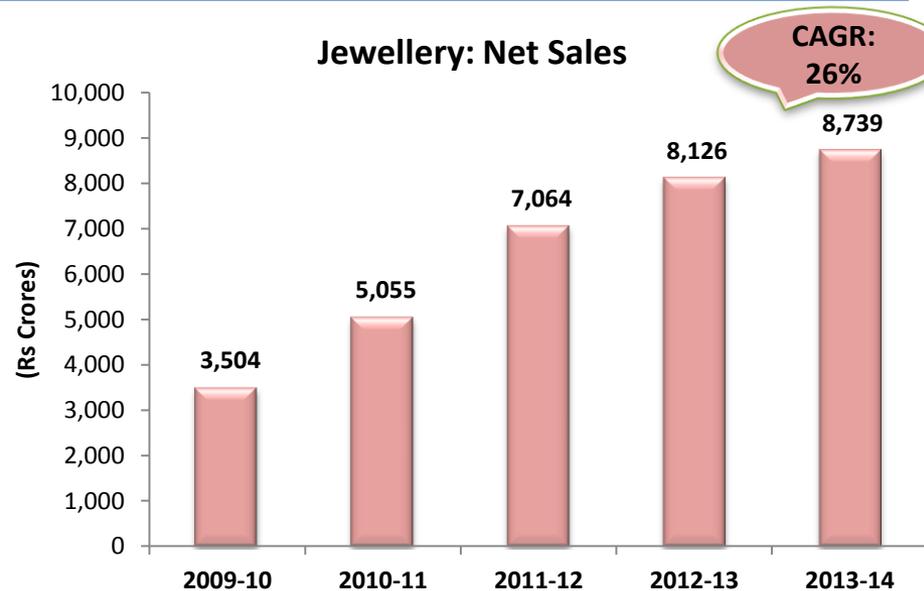
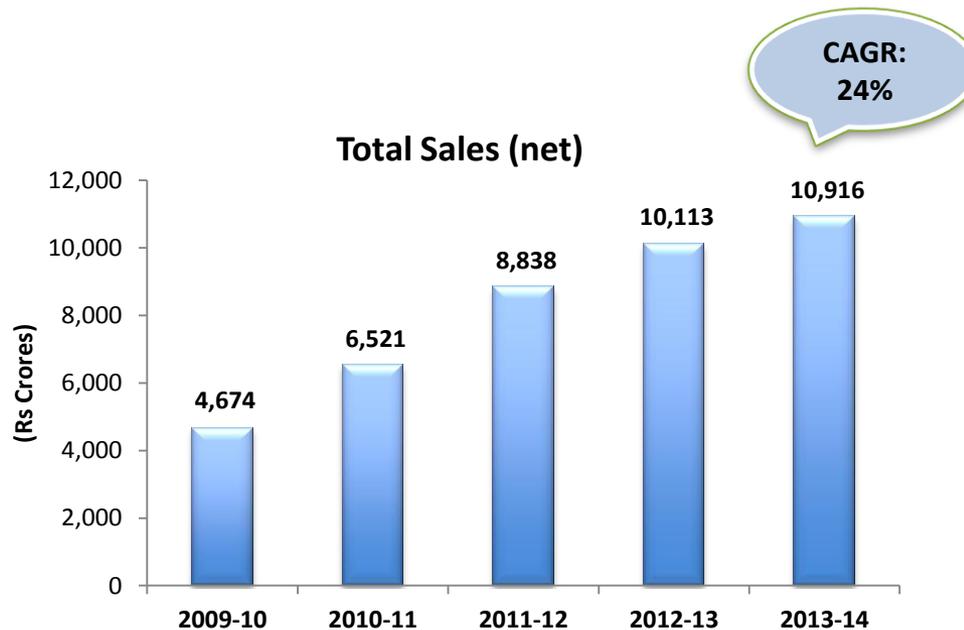
Others: Net Sales



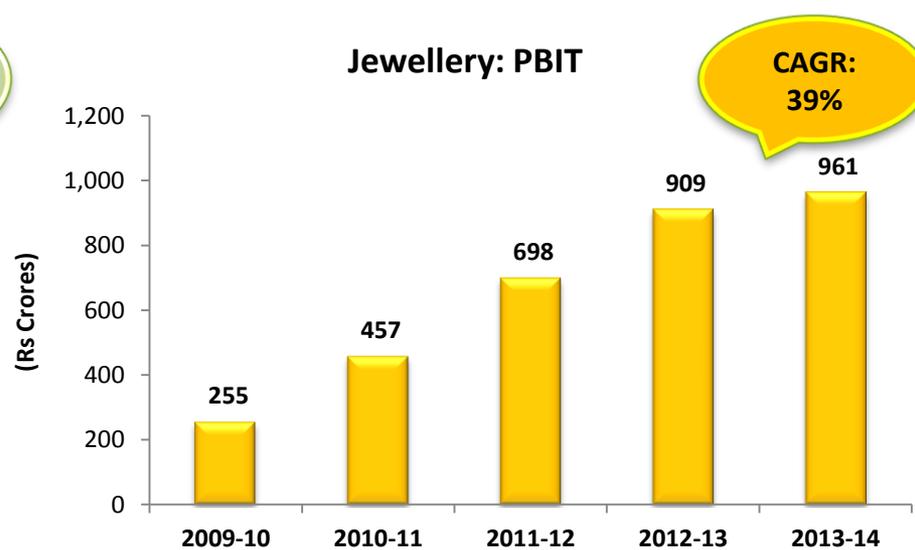
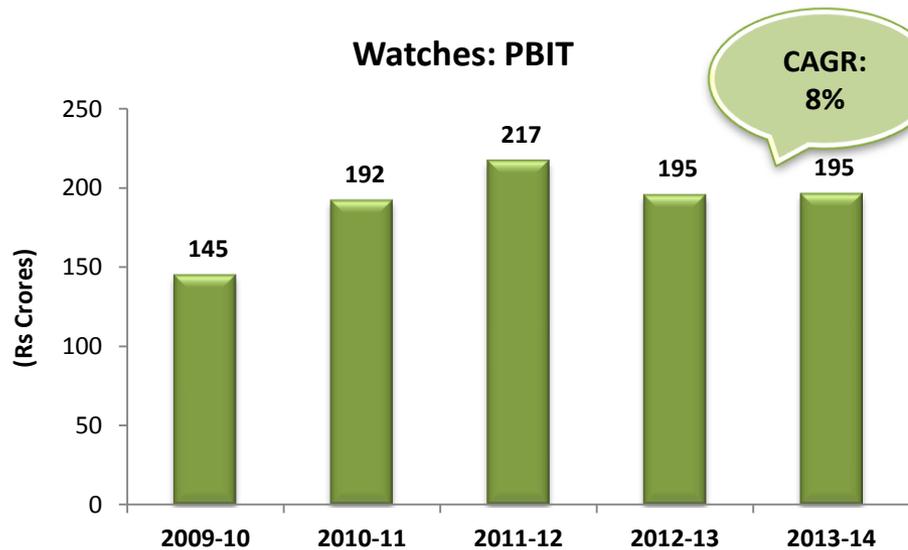
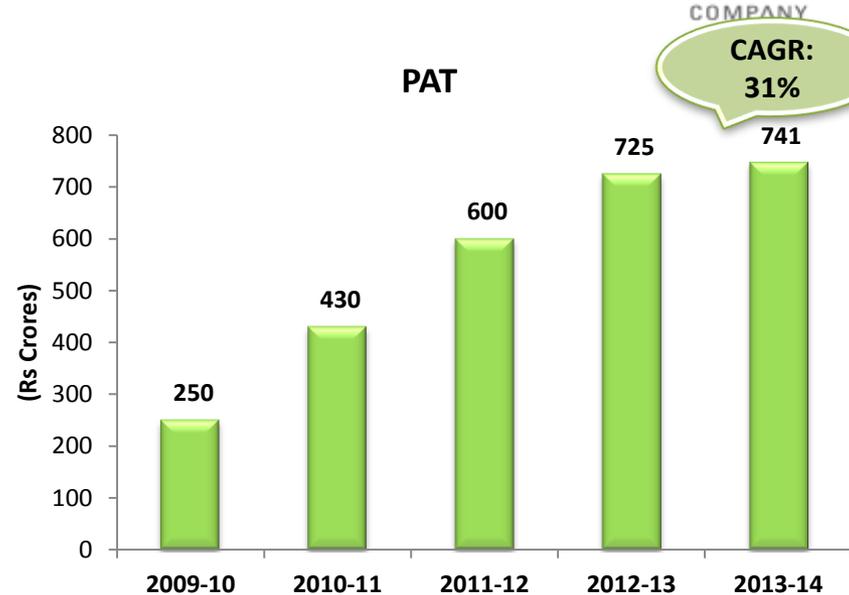
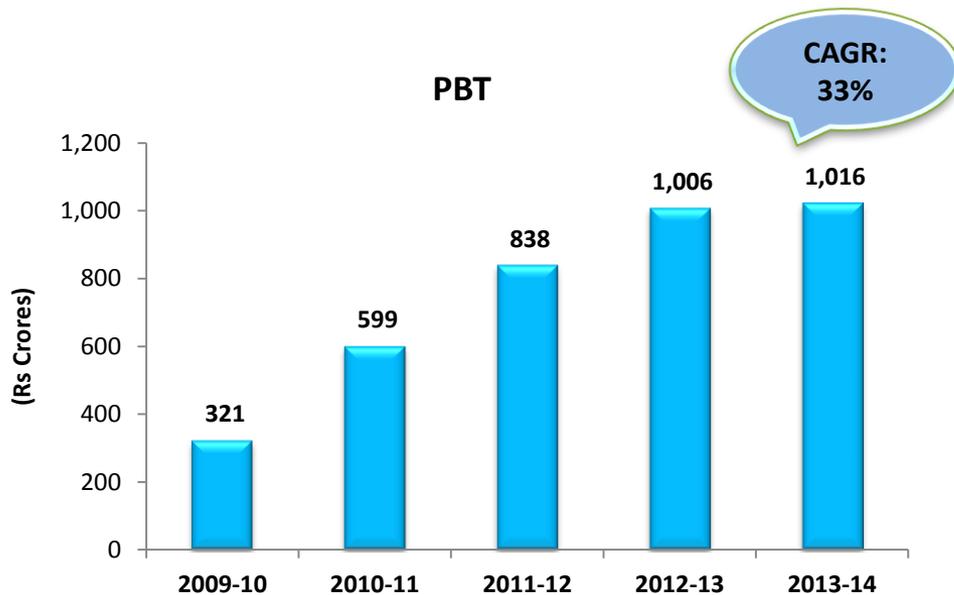
Others: EBIT and Margin



Performance Trends - Annual



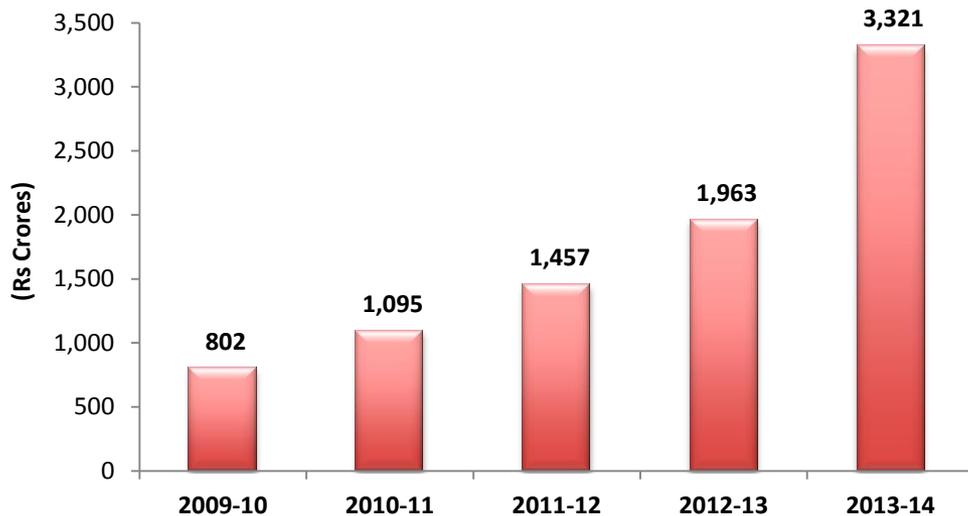
Performance Trends - Annual



Performance Trends - Annual

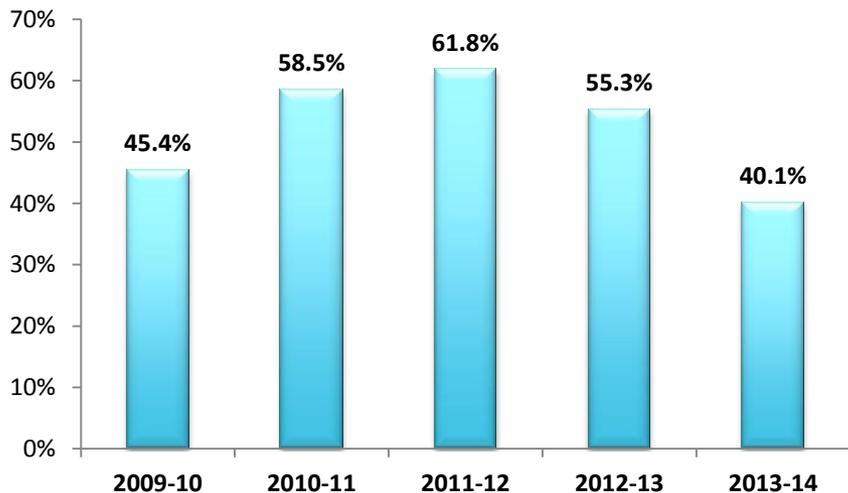


Capital Employed

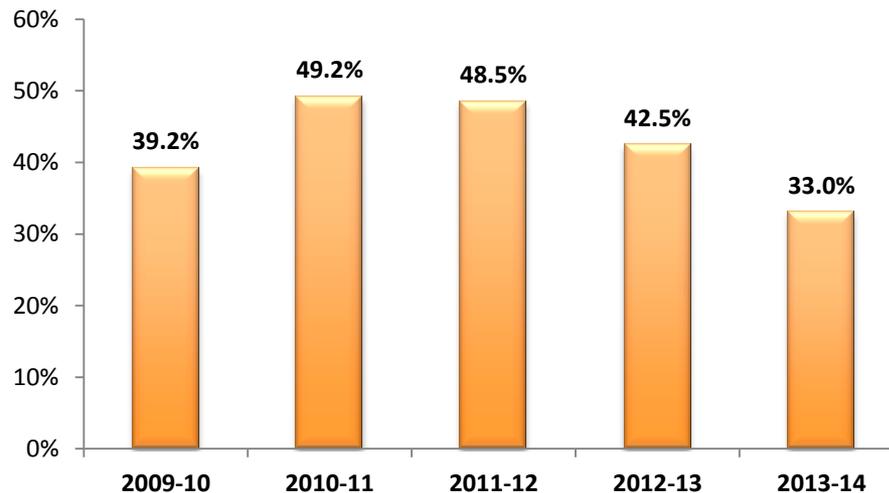


- Suspension of Gold on lease increases Capital Employed sharply
- Cash balance up by Rs 702 crores over the period

ROCE



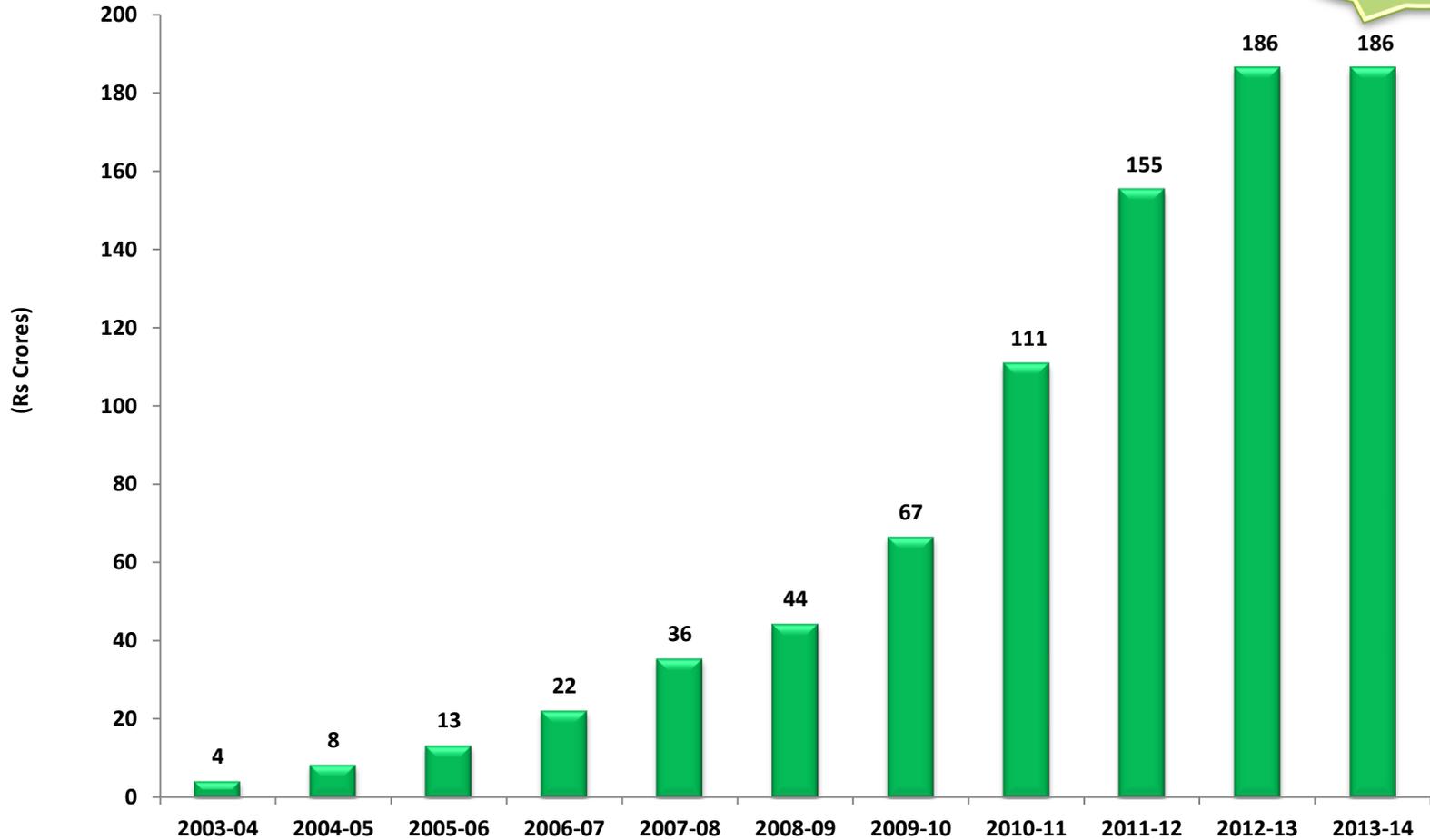
ROE



Dividend



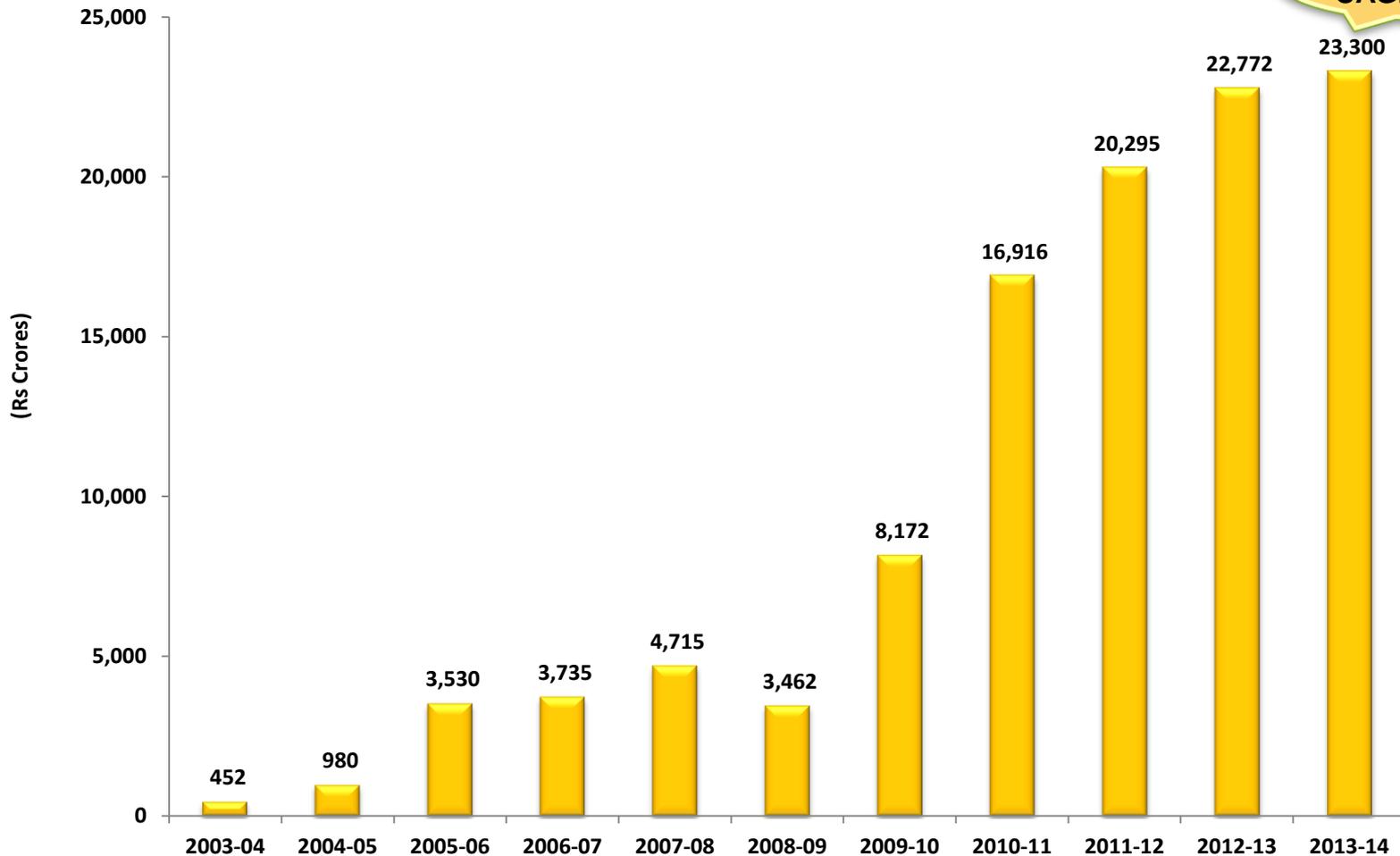
**10 year
CAGR: 46%**



Market Capitalisation



10 year
CAGR: 48%



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 ITIs, working with underprivileged unemployed in Tamil Nadu and Uttarakhand to skill them - creation of employment oriented skill training; creation of Titan Skill institute in long run
 - Eye care for the needy: Partnering with National Institutes of Repute – will touch 150,000 lives in the first year
 - Supporting Affirmative Action through Education - Tribal school, scholarships and Entrepreneurship development
 - Partnering and working towards rehabilitation efforts in Uttarakhand
- Continue to work with Women Self Help Groups and the Karigars in 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 the 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
- Winner of "Loyalty Team of the Year" in the individual category at the 7th Loyalty Summit

Watches

- Bronze medal at the Indian Effies Awards for Fastrack
- 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

- 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
- One Gold, two Silver and one Bronze medal at the Indian Effies Awards for Tanishq
- 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