

# Titan Company Limited

*Delivering value by creating brands*

May 2015



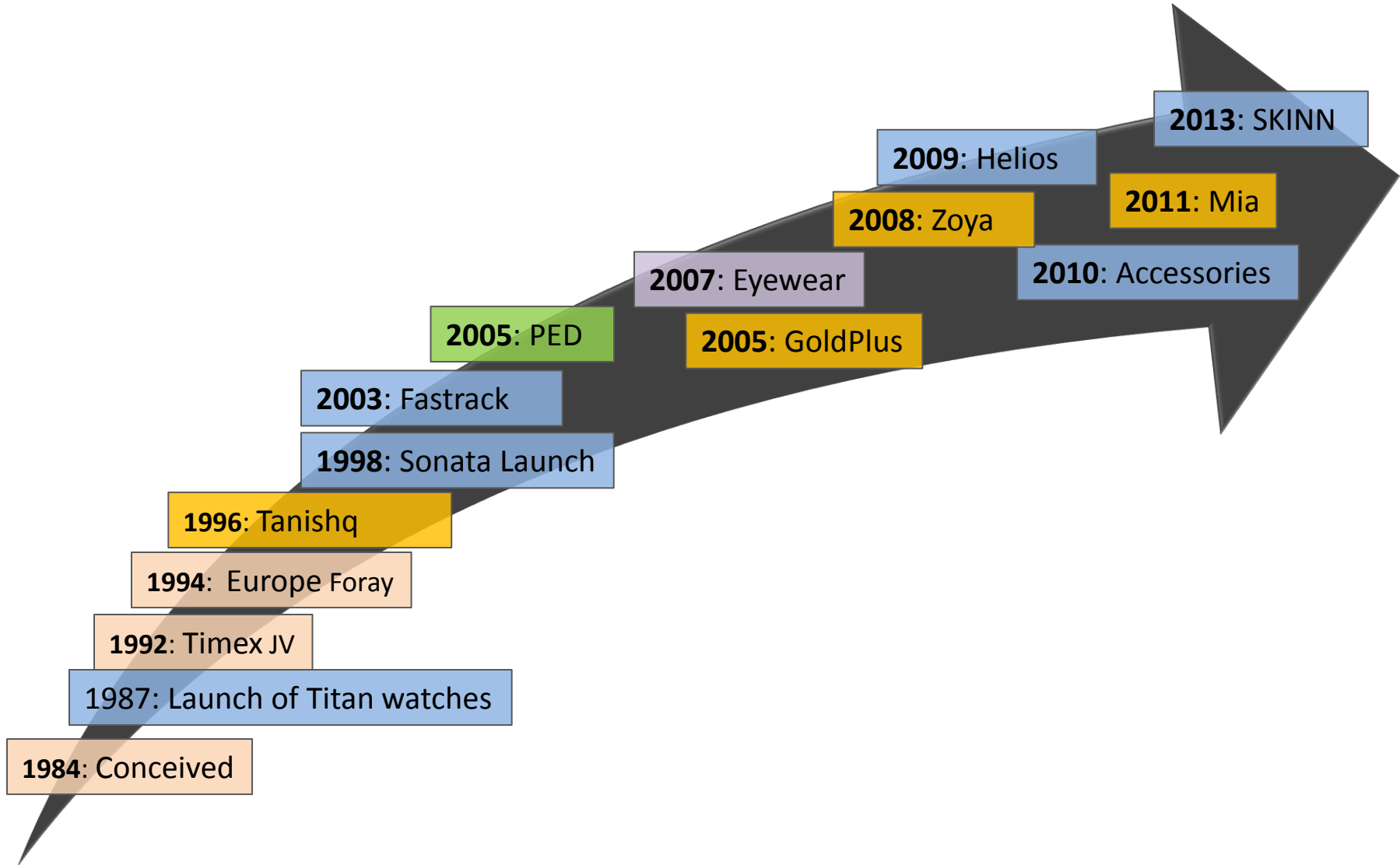
# Disclaimer



*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 2

Premium

HELIOS 42

Mid Market

WORLD of TITAN 430

TANISHQ 174

TITAN EYE+  
WORLD CLASS OPTICAL STORES

366

Service Centres

700

fastrack 154

Mass Market

GOLDPLUS 33  
from TATA

1,201 Exclusive stores

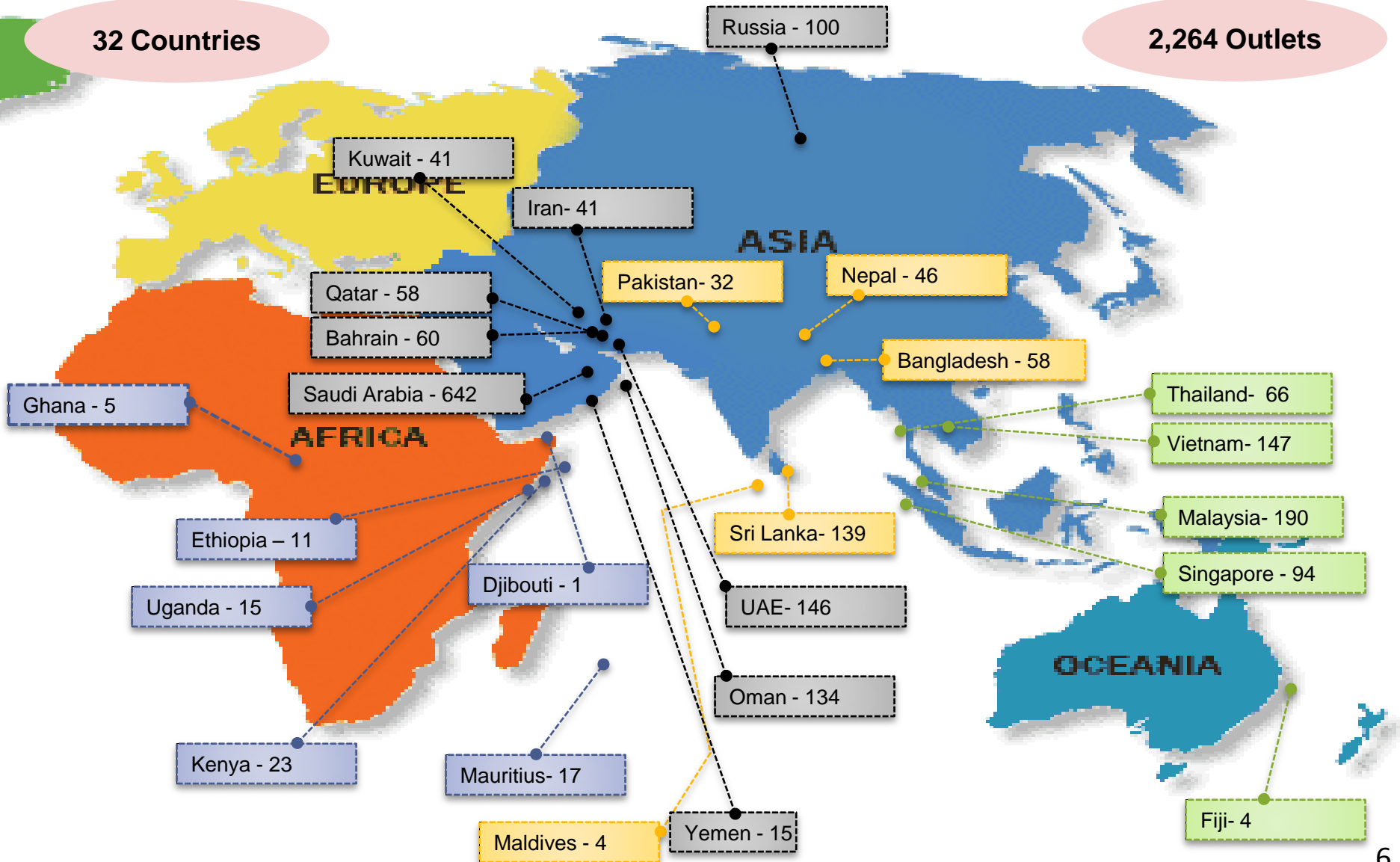
229 Towns

Over 1.59 million sft  
of retail space

# International presence

32 Countries

2,264 Outlets



# Where we stand today

- World's 5<sup>th</sup> 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: 1,201 stores with over 1.59 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"><li>• 430 showrooms (29 added YTD)</li><li>• 191 towns – 416k sft</li></ul>
	<ul style="list-style-type: none"><li>• 154 stores / kiosks (4 added YTD)</li><li>• 82 towns – 90k sft</li></ul>
	<ul style="list-style-type: none"><li>• 42 stores</li><li>• 21 towns – 53k sft</li></ul>
<b>Service Centres</b>	<ul style="list-style-type: none"><li>• 700 outlets</li><li>• 267 towns</li></ul>
<b>Retail All India</b>	<ul style="list-style-type: none"><li>• 11,000 dealers</li><li>• 2,500 towns</li></ul>
<b>International</b>	<ul style="list-style-type: none"><li>• 2,264 outlets</li><li>• 32 countries</li></ul>

# 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

- 176 stores including 2 Zoya stores (11 added YTD)
- 725k sft (85k sft added YTD)
- 99 towns



GOLDPLUS  
from TATA

- 33 stores
- 81k sft
- 33 towns

# Eyewear & Precision Engineering





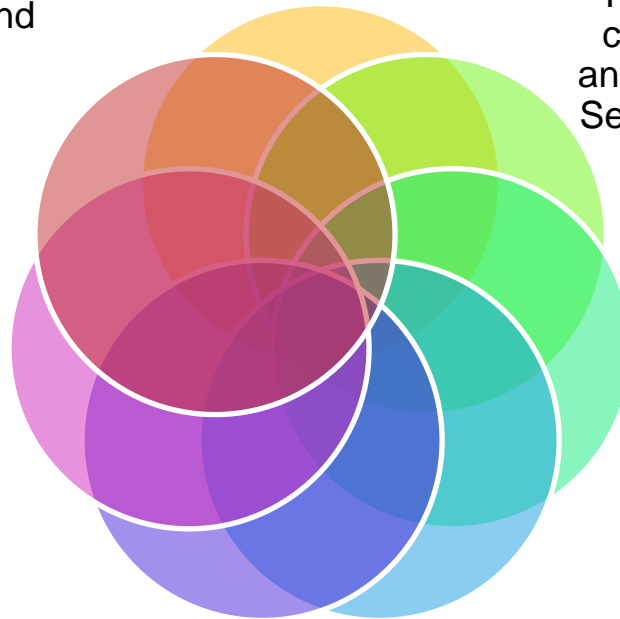
# Eyewear

India's largest optical retail chain  
- 366 retail outlets, 136 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

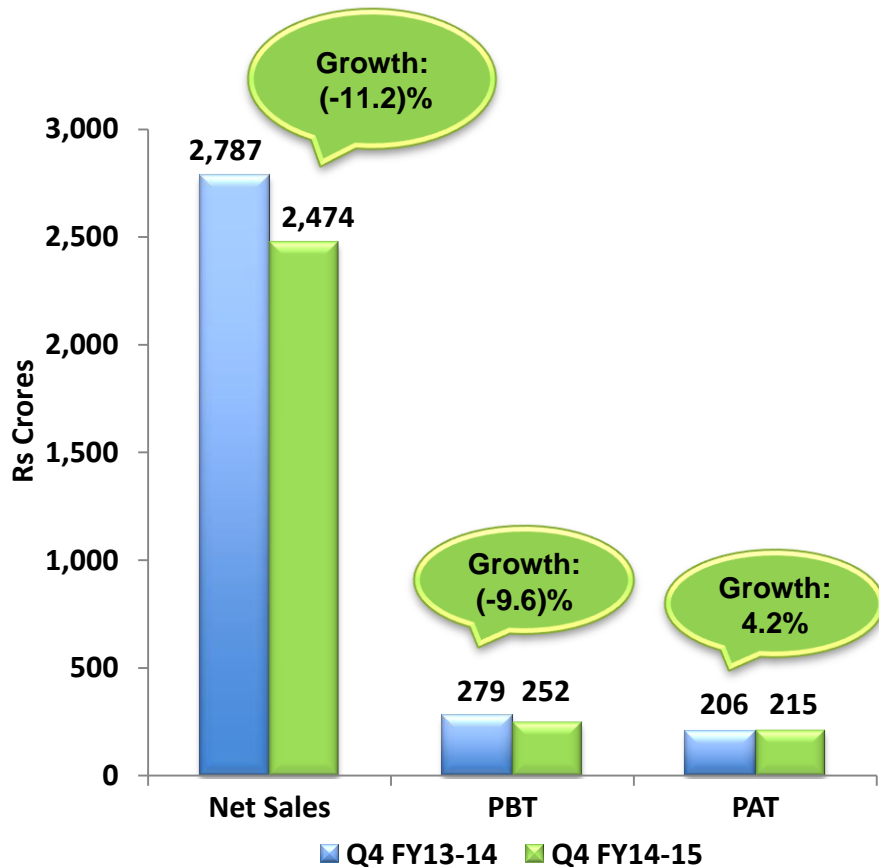
- Gold demand in Jan and Feb impacted significantly due to expectation of customs duty cut. Pick up witnessed in March after budget clarity on customs duty – remains @ 10%
- Industry estimates of jewellery growth is 2% on volume and a decline of about 3% in value terms in the quarter
- Company's revenue decline led largely by absence of GHS customers
- RBI allows nominated banks to import gold on consignment basis and also offer gold metal loans to domestic users of gold
- Focus on retail network expansion continues – 29 stores (29k sft) added during the quarter across divisions. Year-to-date addition of 123 stores (142k sft)
- Production of stainless steel cases commences in Coimbatore plant
- Titan launches Road Trip collection of watches
- Eyewear ventures into international market - launch in Sri Lanka

## Q4 - Retail growth

	<b>Sales value growth</b>	<b>Like to like growth</b>
World of Titan	11%	5%
Tanishq	-21%	-25%
Goldplus	-4%	-4%
Helios	-3%	3%
Fastrack	1%	-4%
LFS	10%	8%
Titan Eye+	14%	0%

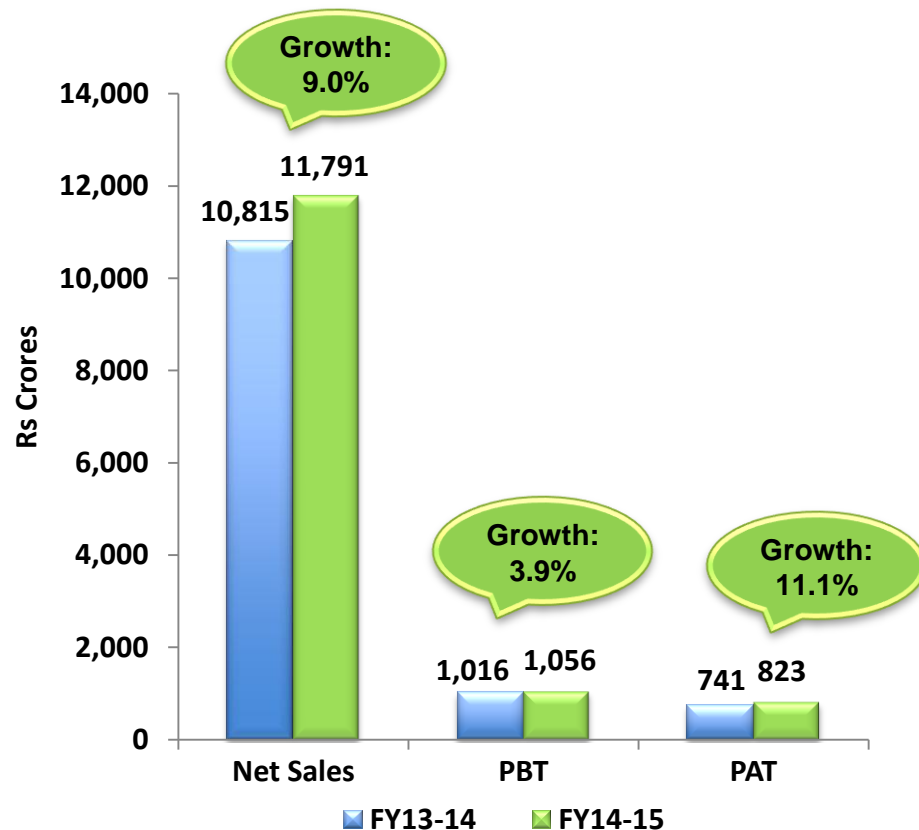
# Company performance

## Q4 Performance



- Sales growth affected by lack of redemptions from Golden Harvest scheme in Jewellery business
- PBT margin increased from 10.0% to 10.2% due to higher GC margin in Jewellery
- Lower tax rate due to higher tax benefits from Pantnagar jewellery plant and deferred tax benefit

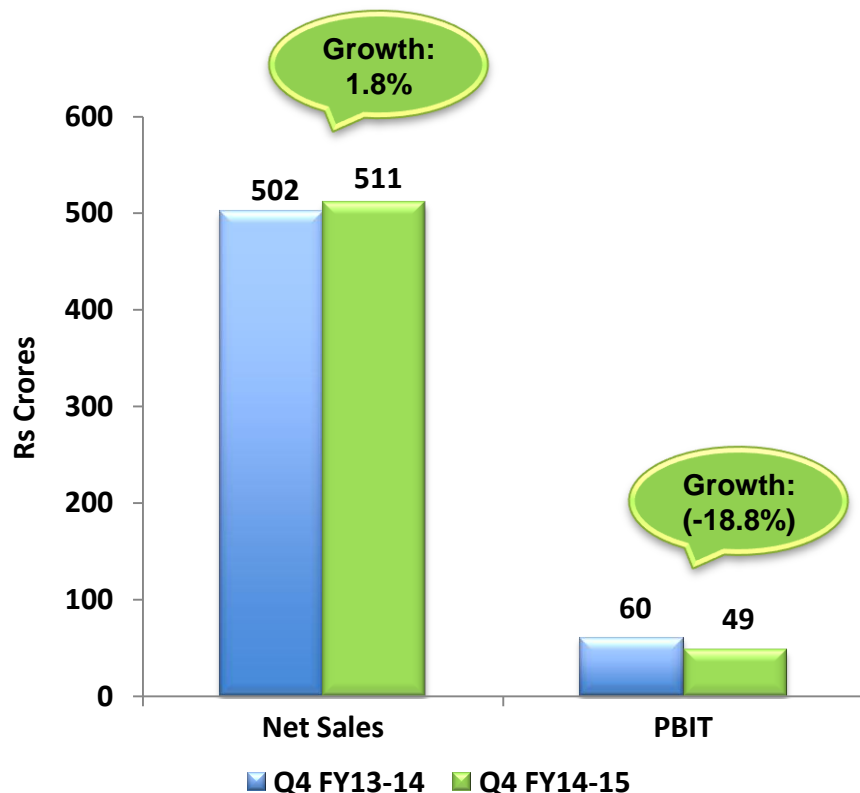
## Annual Performance



- Lower growth in Q3 and Q4 revenues moderate the high sales growth in Q2 due to GHS redemption
- PBT margin declined from 9.4% to 9.0% as interest income was lower due to fall in average cash balances

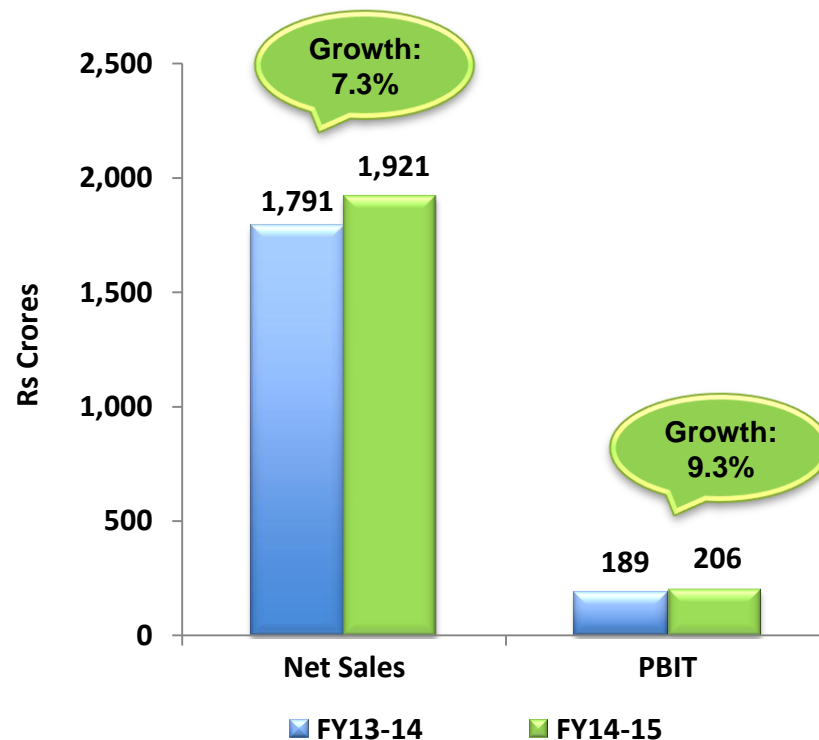
# Watches

## Q4 Performance



- Volume growth: (-6%)
- Revenue growth achieved due to higher prices
- PBIT margin declined from 12.0% to 9.6% due to negative operating leverage

## Annual Performance

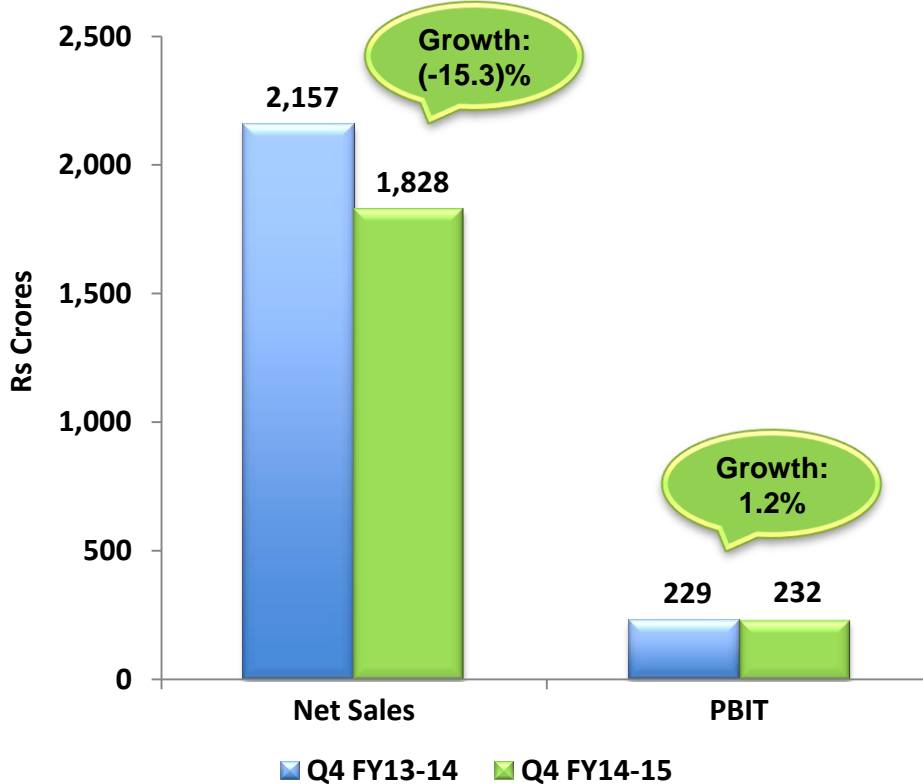


- Volume growth: 2%
- PBIT margin improved from 10.5% to 10.7% - result of higher GC margin and focus on cost optimisation

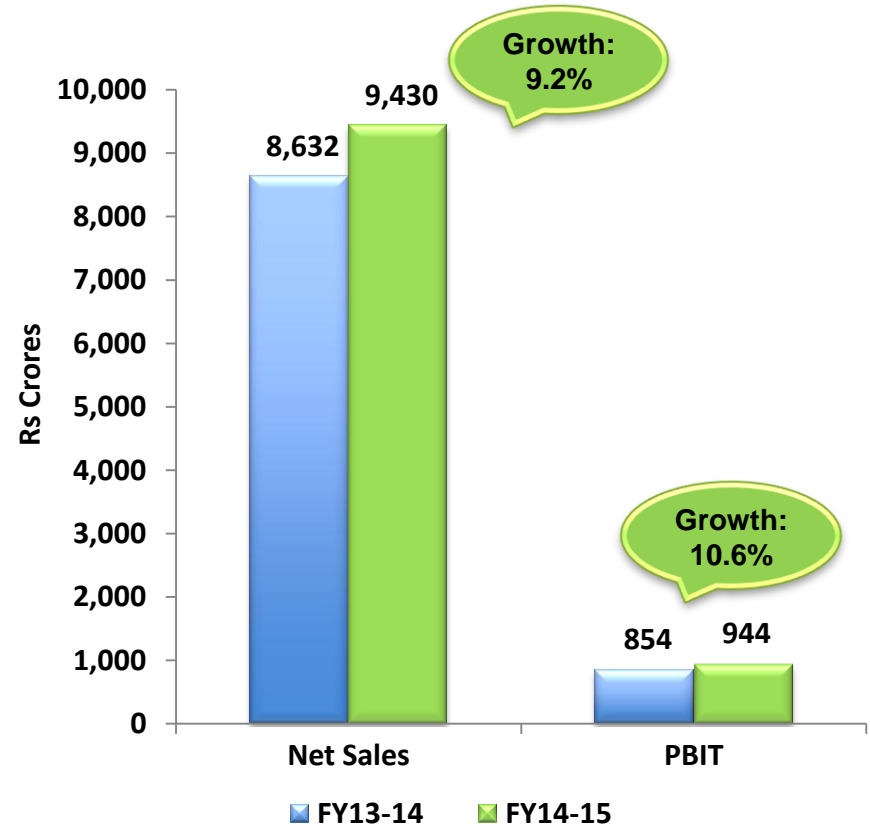


# Jewellery

## Q4 Performance



## Annual Performance



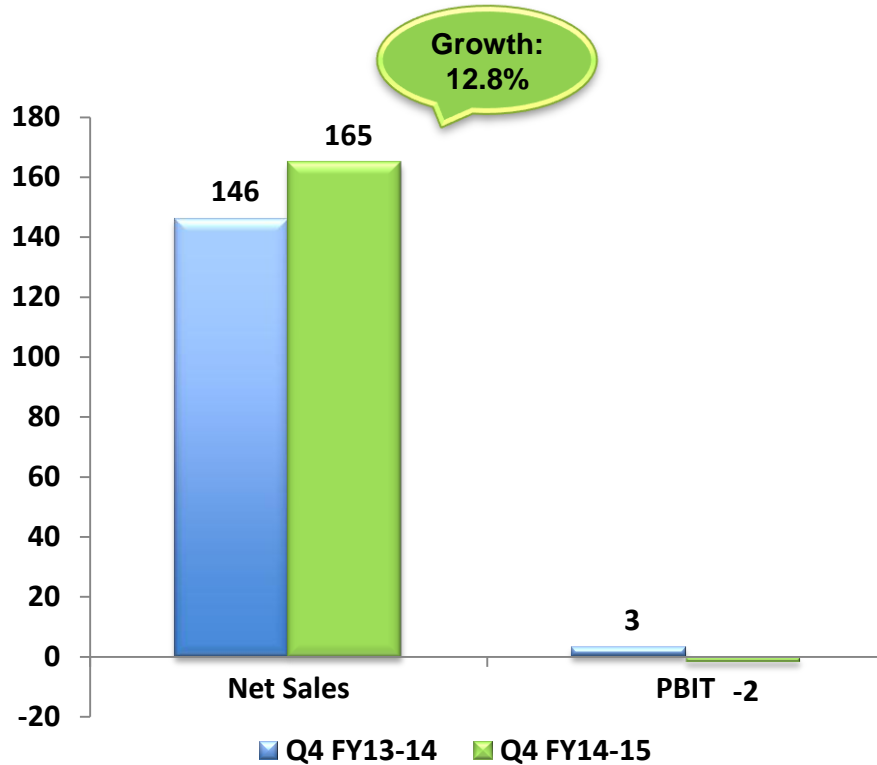
- Sales growth (excl coins): (-16)%
- Customer growth: (-7)%
- Grammage growth: (-11)%, excluding coins: (-13)%
- Studded jewellery share: 37% (Prev year: 37%), studded revenue growth: (-18)%
- Hedging benefits of Rs 53 cr

- Sales growth (excluding coins): 8%
- Customer growth: 13%
- Grammage growth: 8%; excluding coins: 6%
- Share of studded jewellery: 32% (Prev year: 30%)



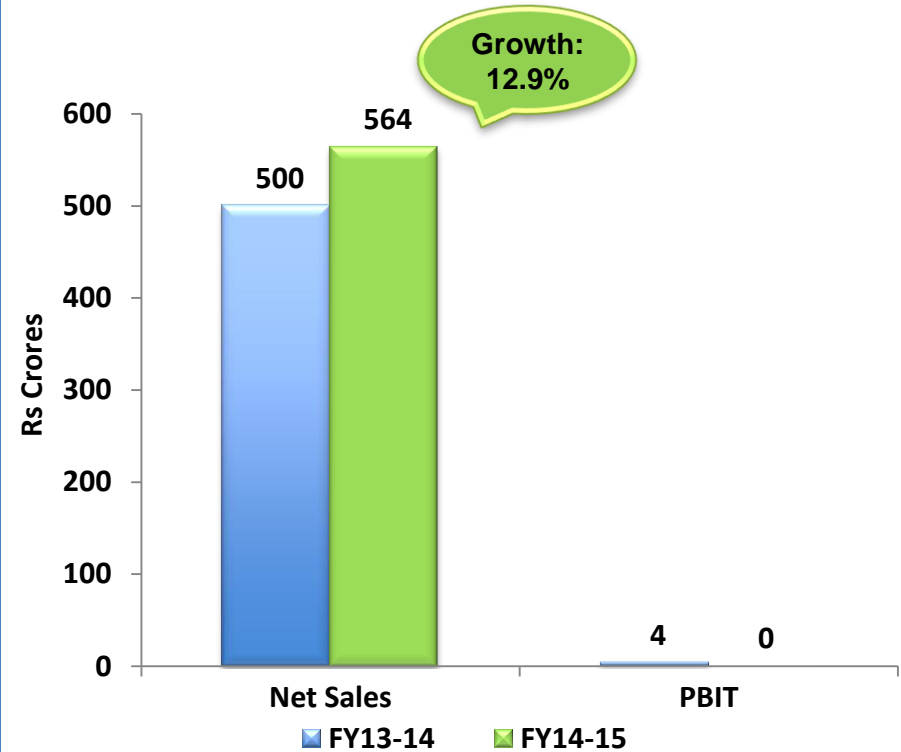
# Others Segment

## Q4 Performance



- Eyewear revenue growth: 19%
- PED revenue growth: 15%

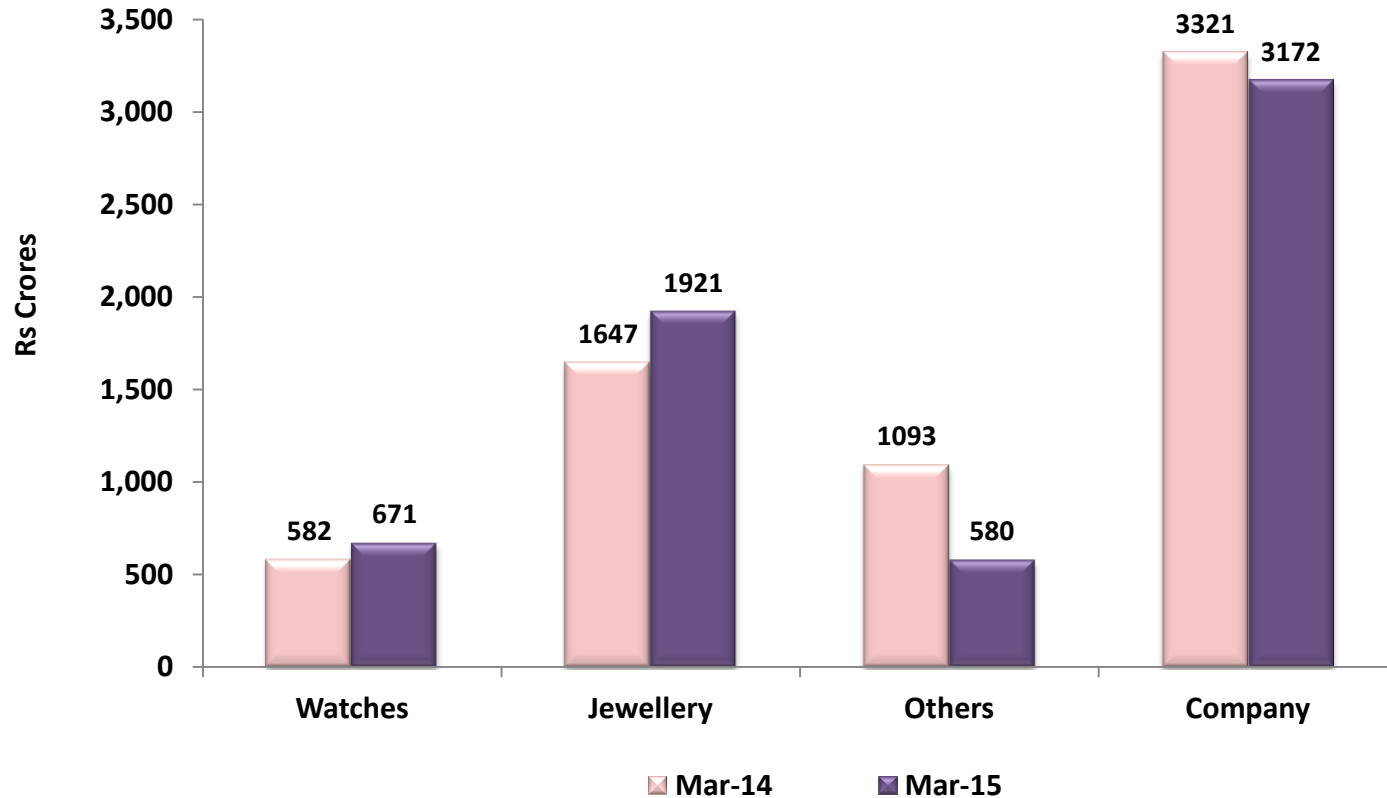
## Annual Performance



- Eyewear revenue growth: 24%; Eyewear business profitable
- PED revenue growth: 8%



# Capital Employed

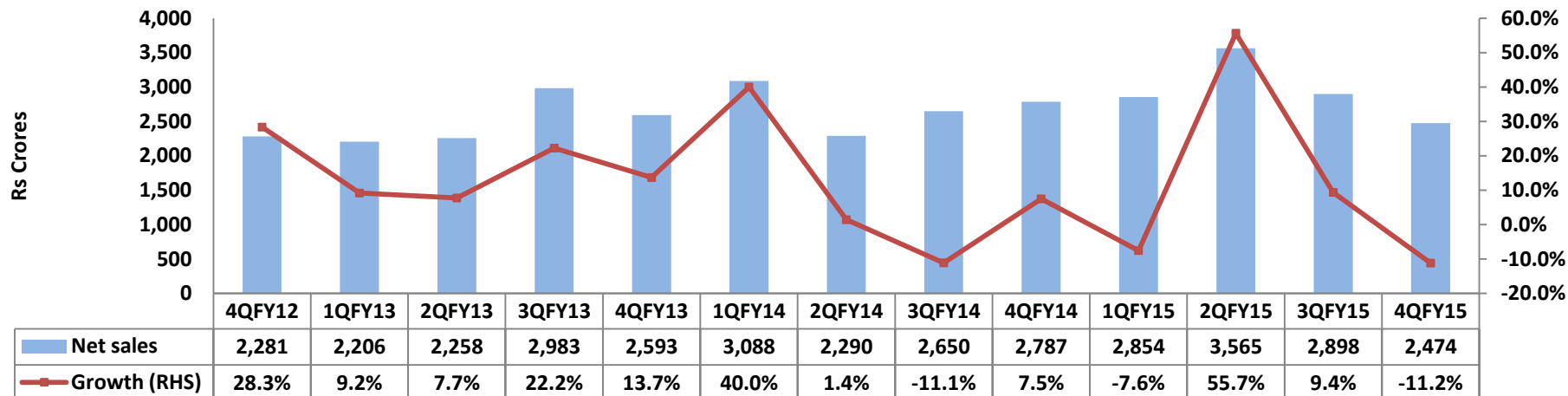


As per management review numbers, capital employed for Jewellery was Rs 2,195 cr in Mar'15 and Rs 2,301 cr in Mar'14 - difference from published figures due to reclassification of cash to "Others" segment from Q4 FY 2013-14

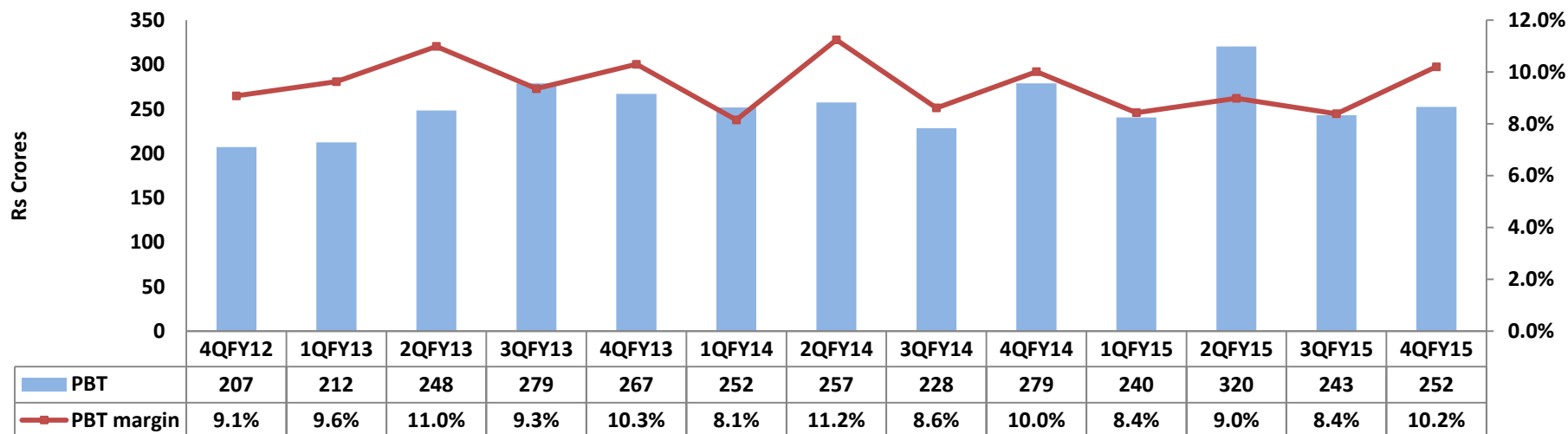


# Performance Trends - Quarterly

**Company : Net sales**

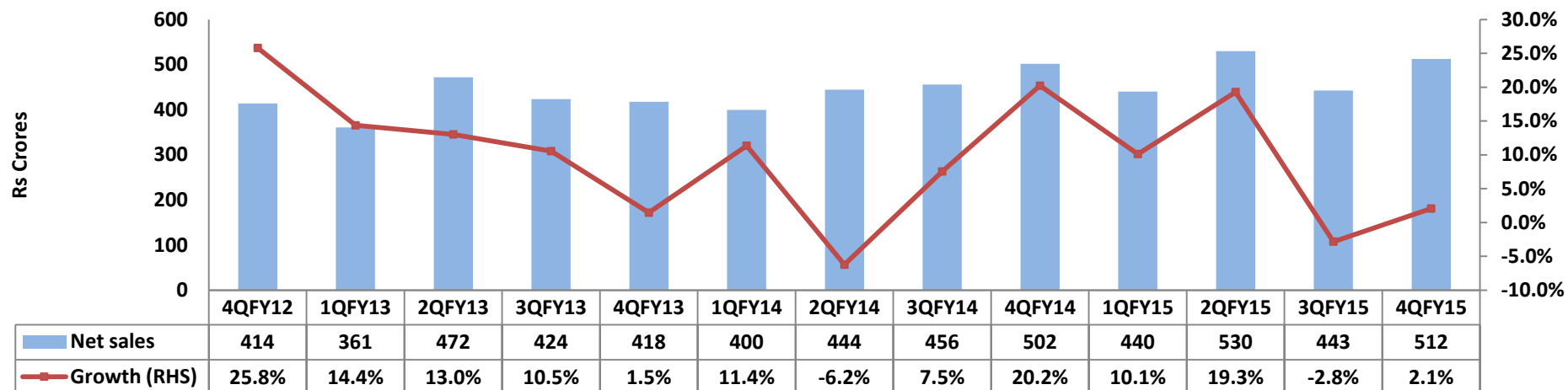


**Company : PBT and Margin**

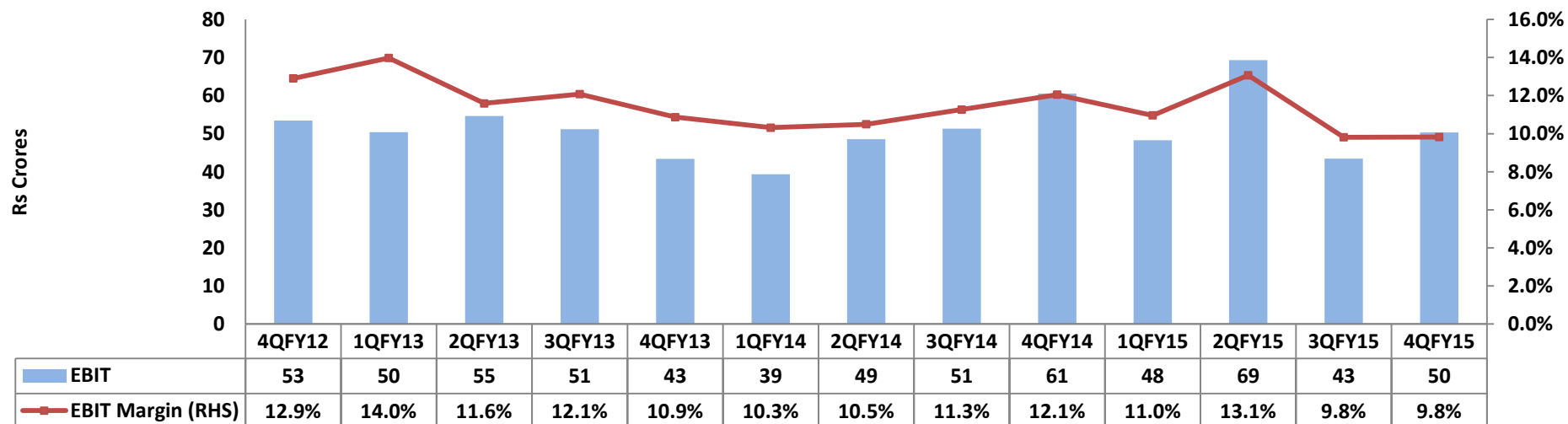


# Performance Trends - Quarterly

## Watches: Net Income



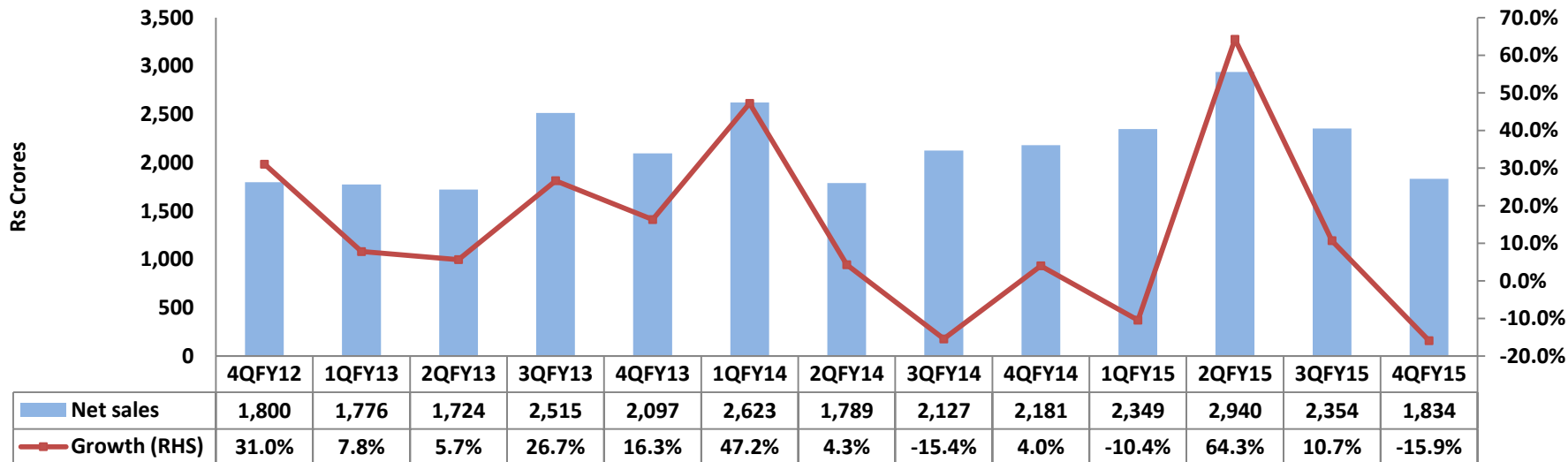
## Watches: EBIT and Margin



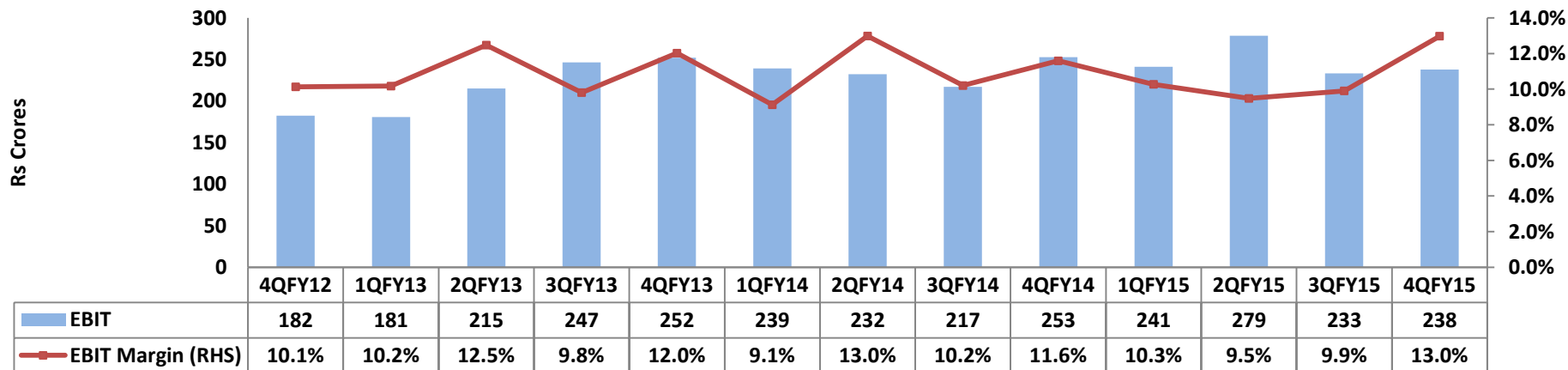
Note: EBIT as per management review numbers

# Performance Trends - Quarterly

## Jewellery: Net Income



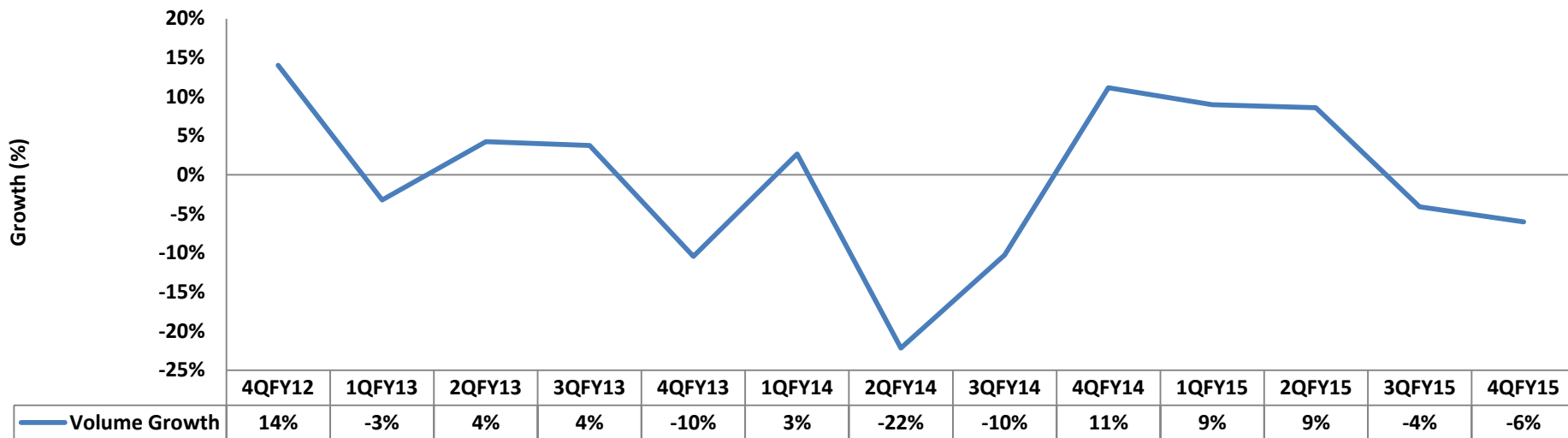
## Jewellery: EBIT and Margin



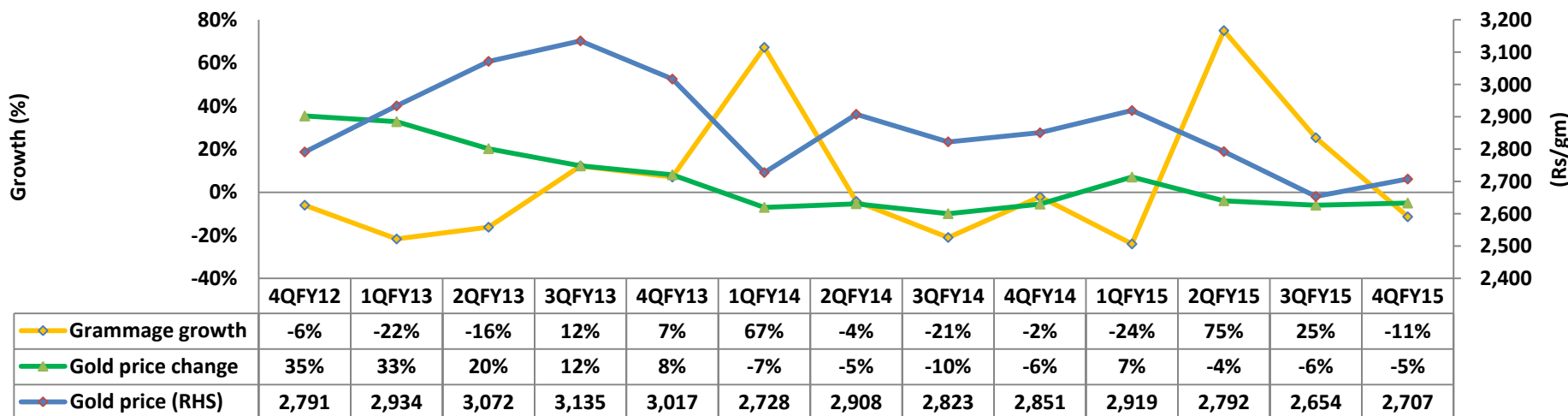
Note: EBIT as per management review numbers

# Performance Trends - Quarterly

## Watches: Volume growth

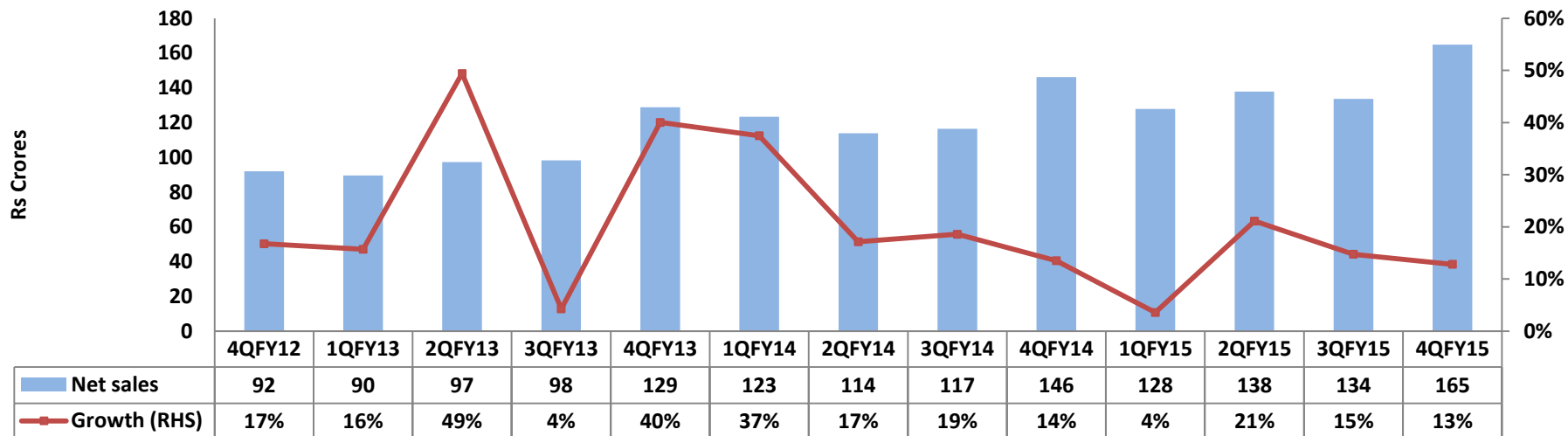


## Jewellery: Gold price and Grammage growth

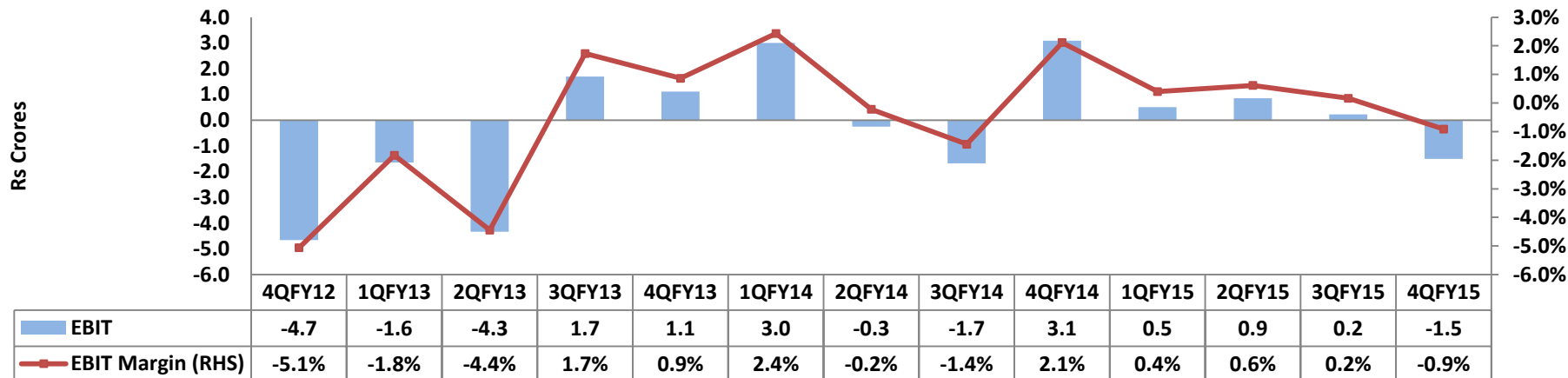


# Performance Trends - Quarterly

## Others: Net Income



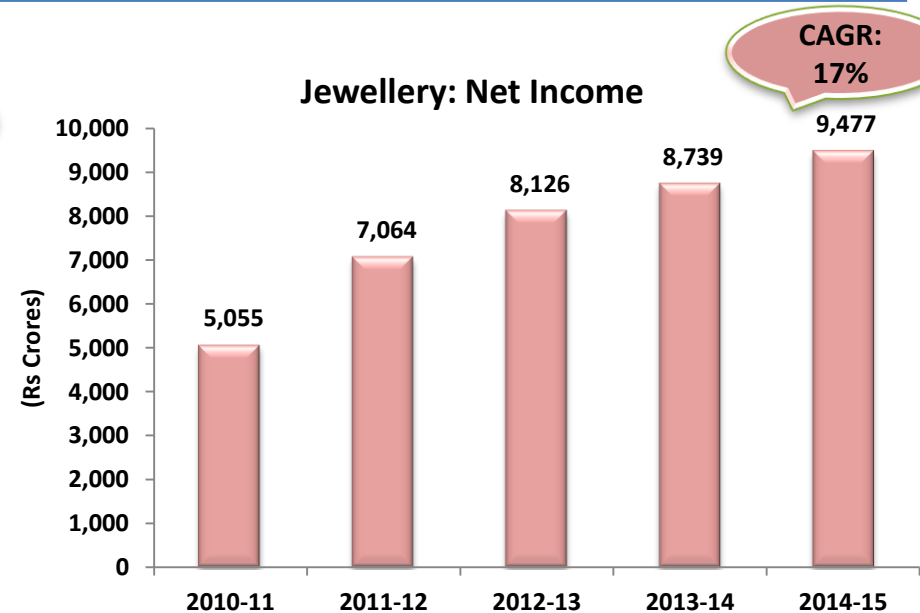
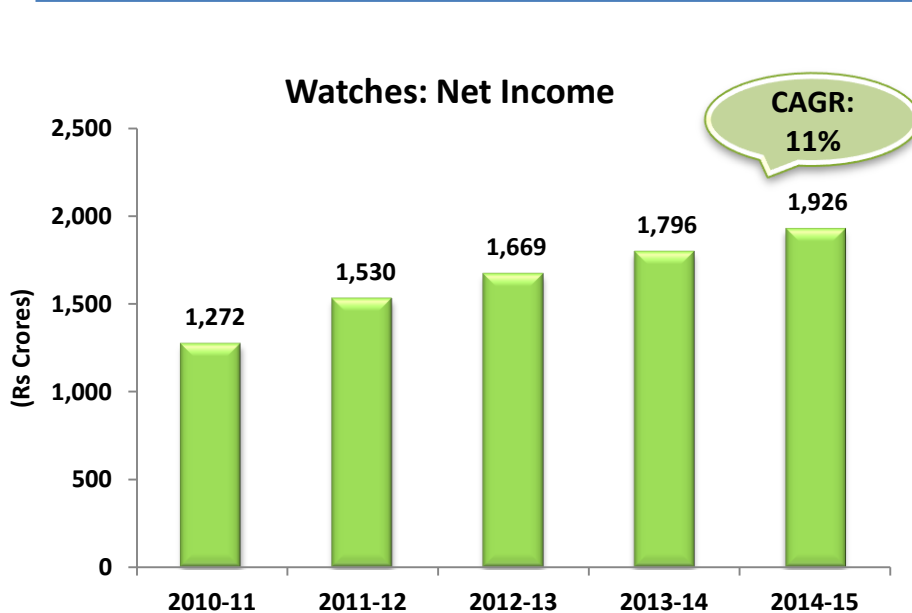
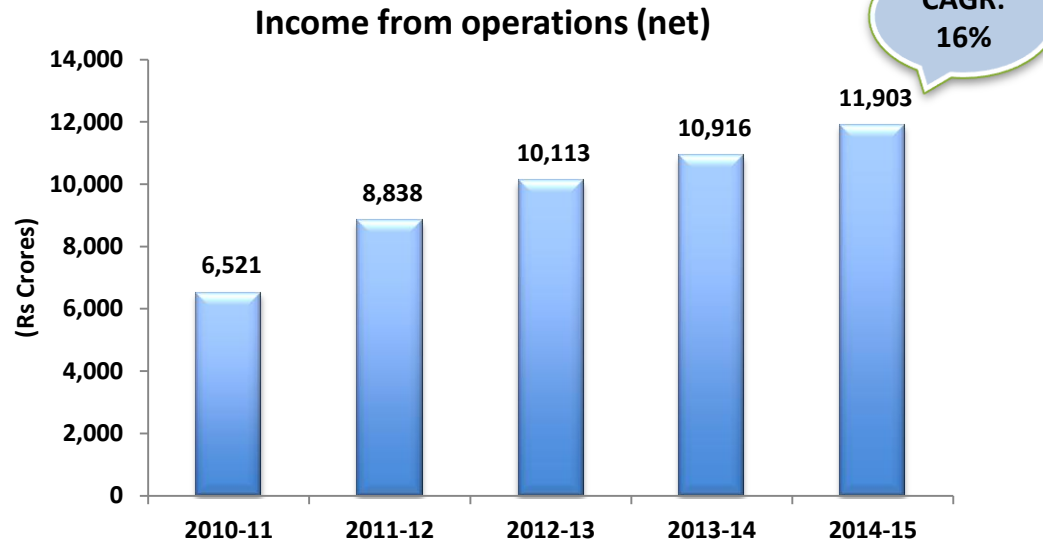
## Others: EBIT and Margin



Note: EBIT as per management review numbers



# Performance Trends - Annual

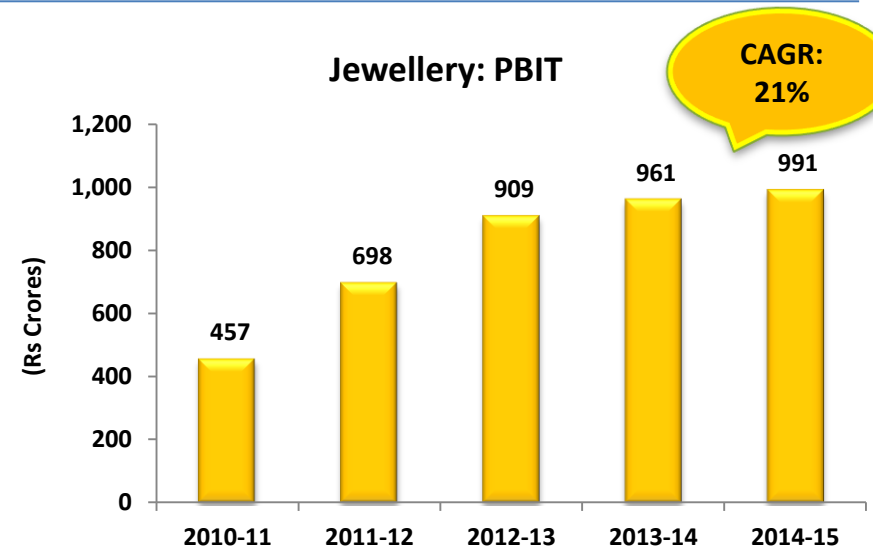
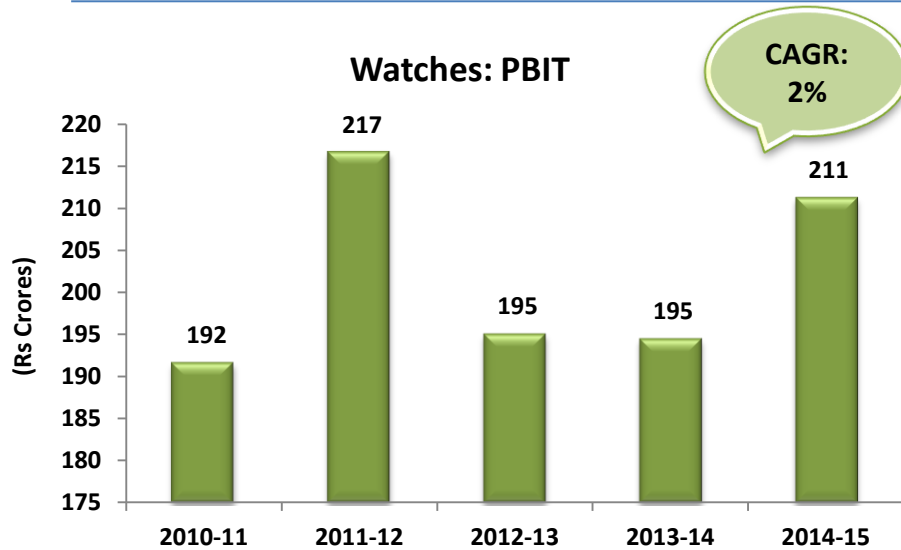
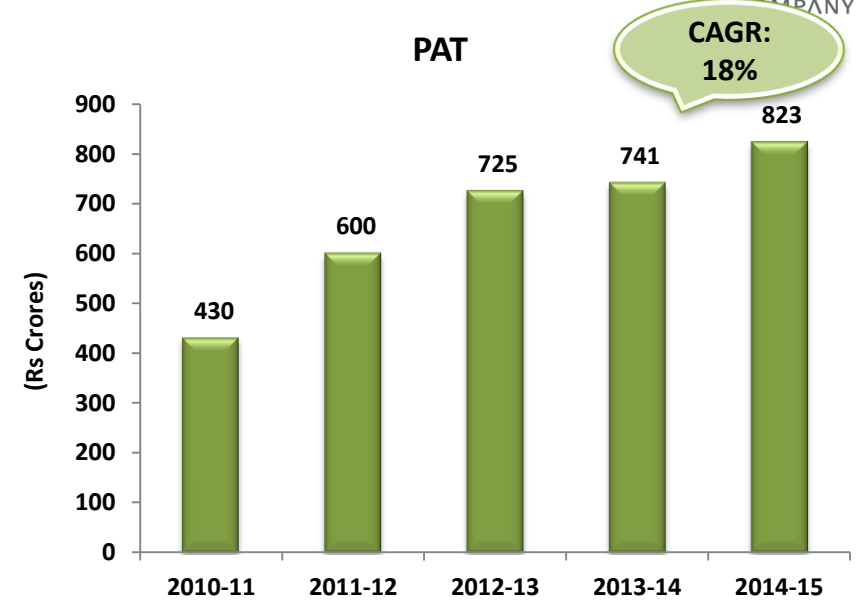
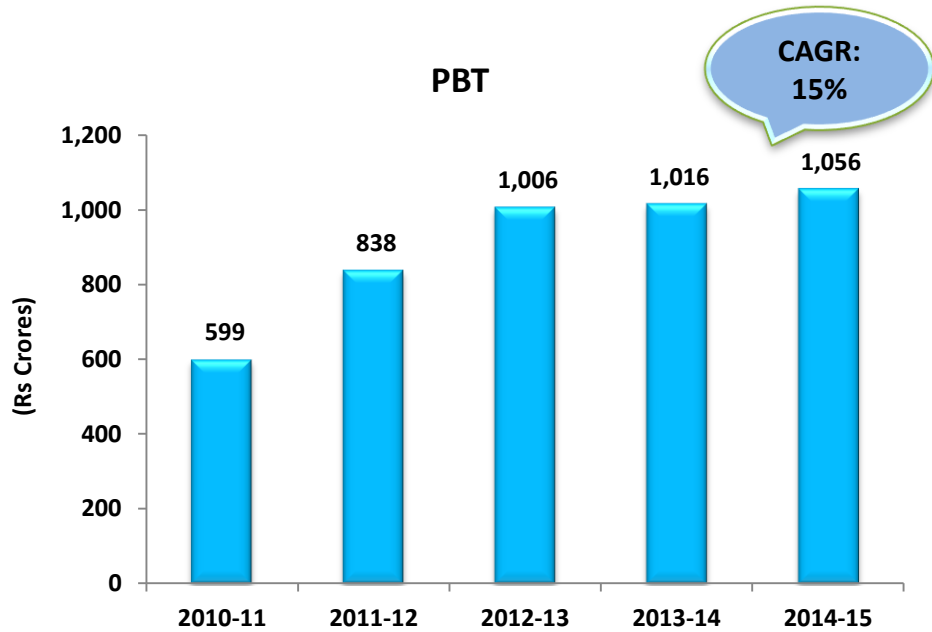


Note: Numbers as per management review



TITAN  
CORPORATION

# Performance Trends - Annual

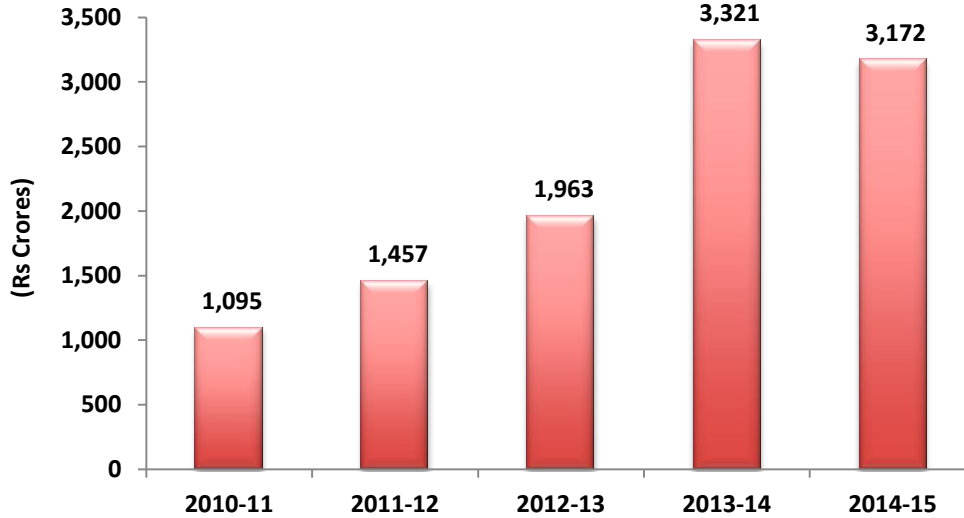


Note: Numbers as per management review



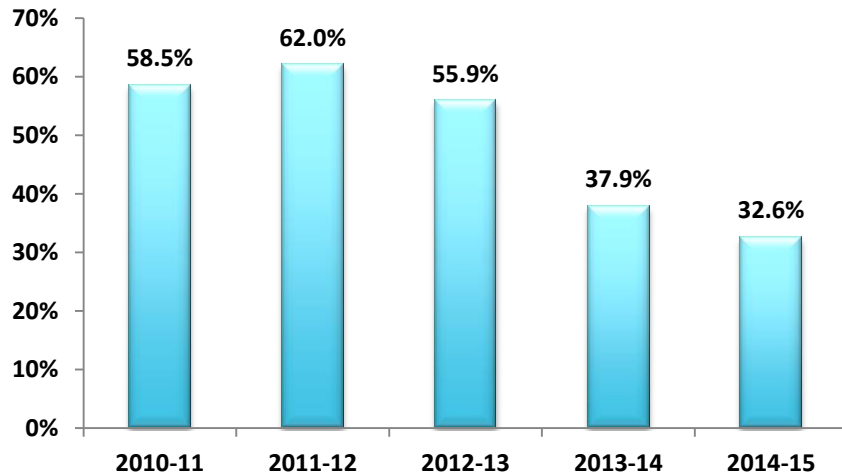
# Performance Trends - Annual

## Capital Employed

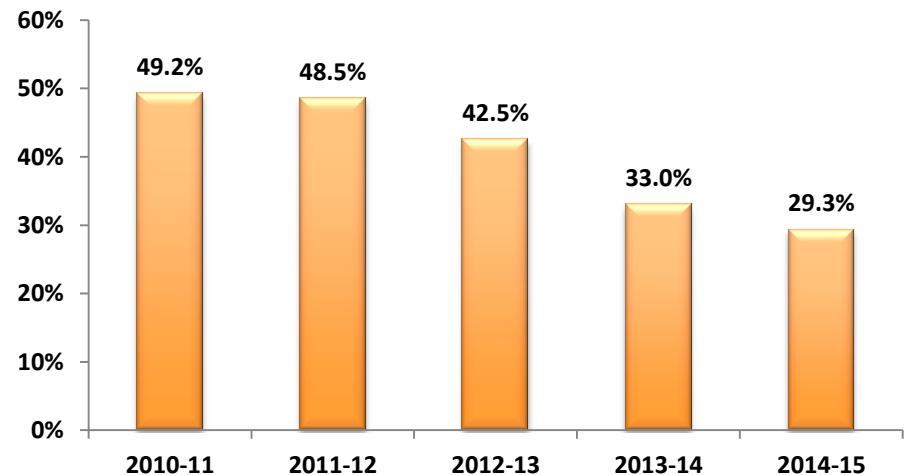


• Suspension of Gold on lease increases Capital Employed sharply

## ROCE

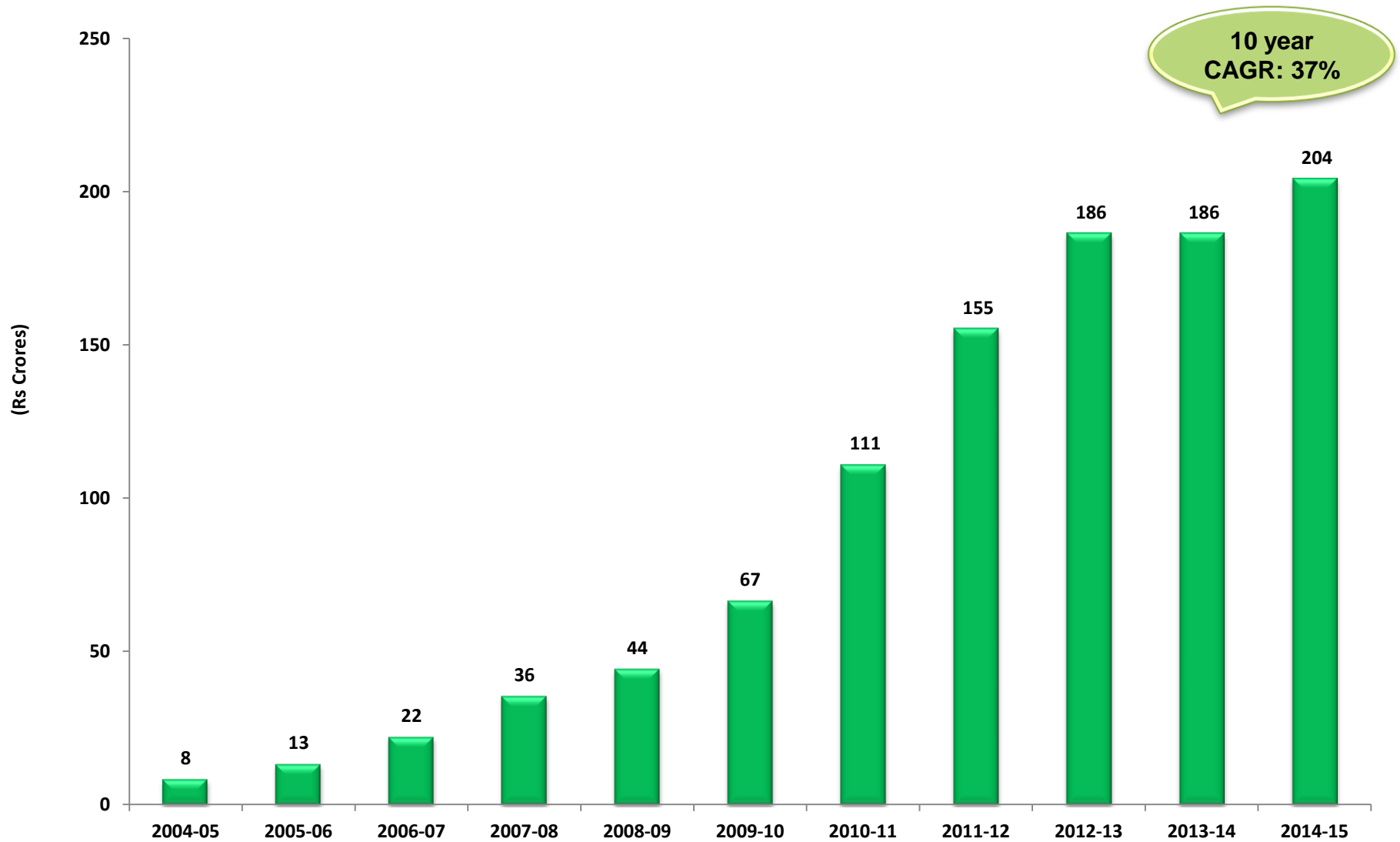


## ROE

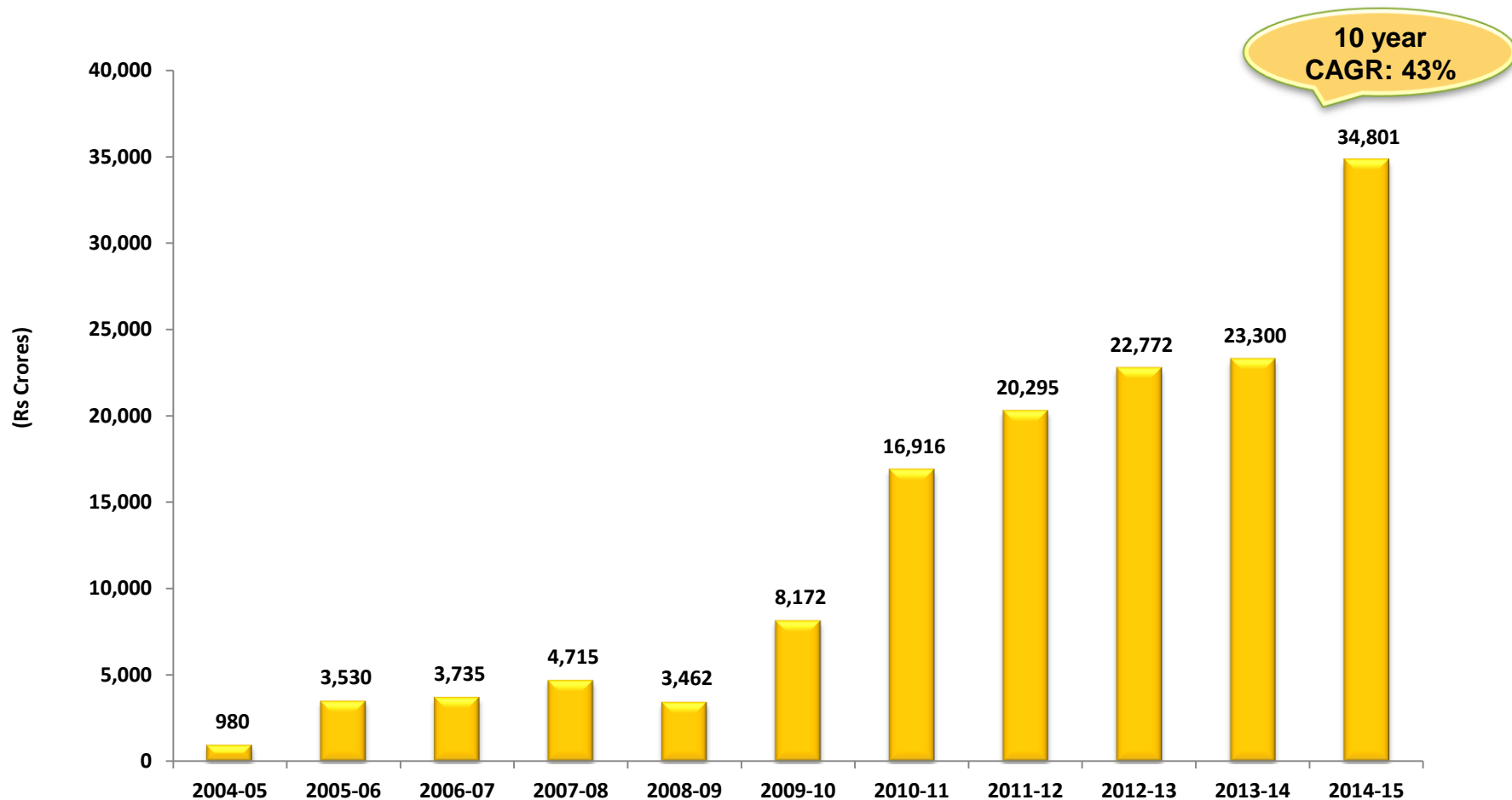




# Dividend



# 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
- “Champion of Champions” award at the 8<sup>th</sup> Loyalty Summit for the Encircle loyalty program

## *Watches*

- Award at the CII 24<sup>th</sup> Kaizen National Awards for assembly casing team
- “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

## *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*

- Award for customer service excellence at Golden Globe Tigers Award
- Gold and Silver awards at TRRAIN (Trust for Retailers and Retail Associates of India) Retail awards
- Gold award in the Outdoor Advertising Convention 2014

**Thank You**



**TITAN**  
COMPANY