



# Titan Company Limited

*Delivering value by creating brands*

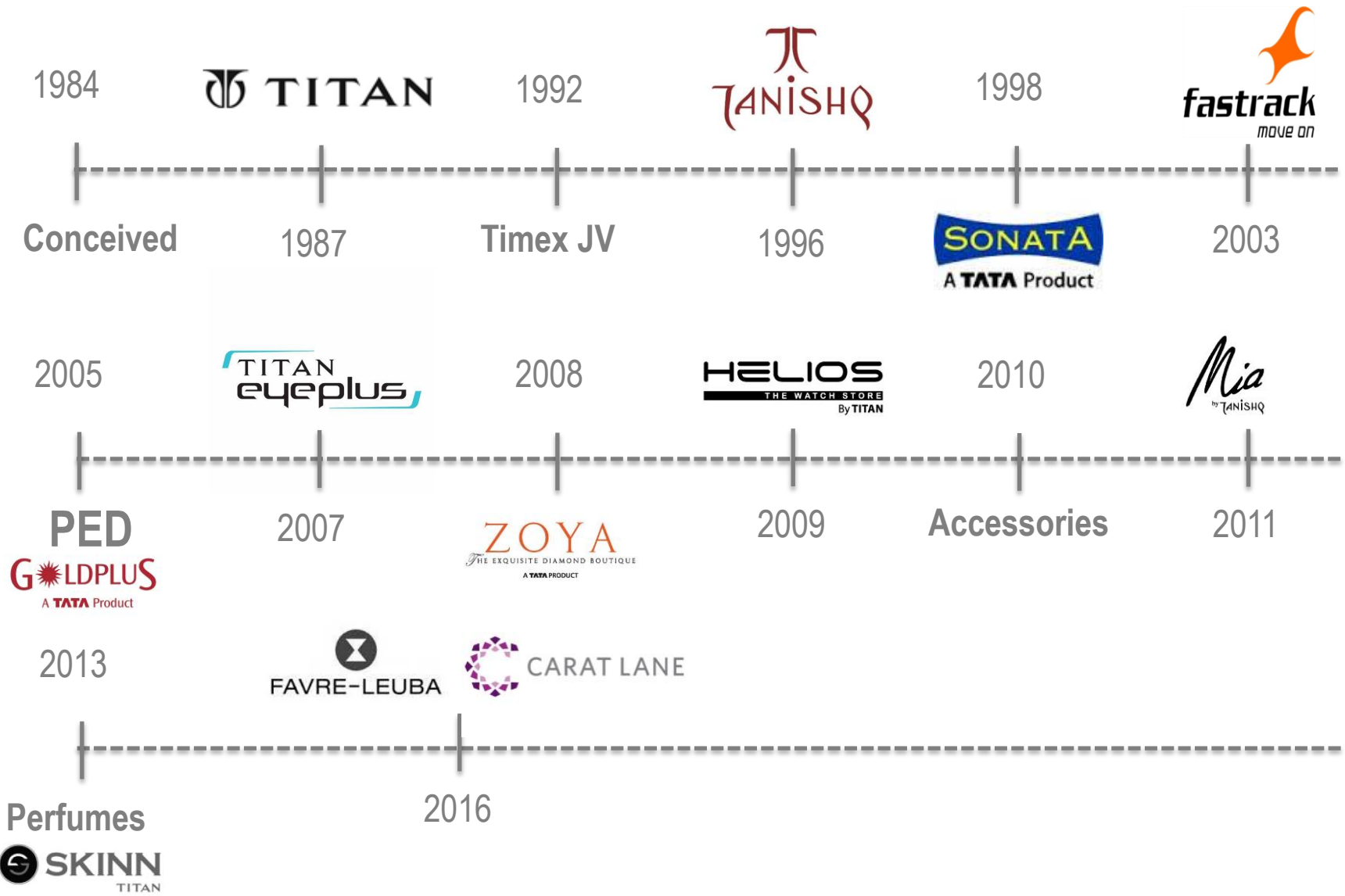
*February, 2018*

# 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.*

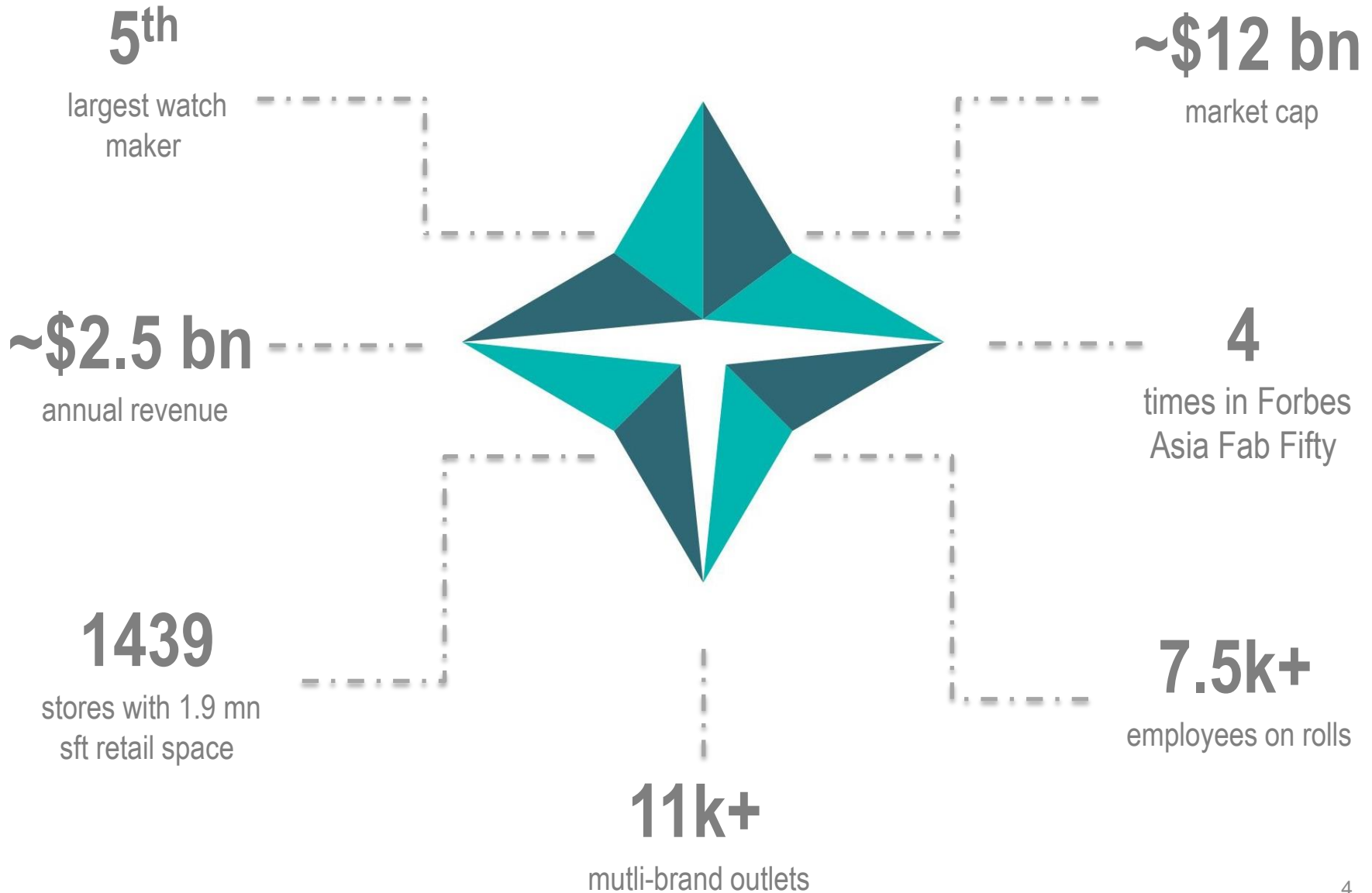
*In addition, other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this document include, but are not limited to: general economic and political conditions in India and the other countries which have an impact on our business 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

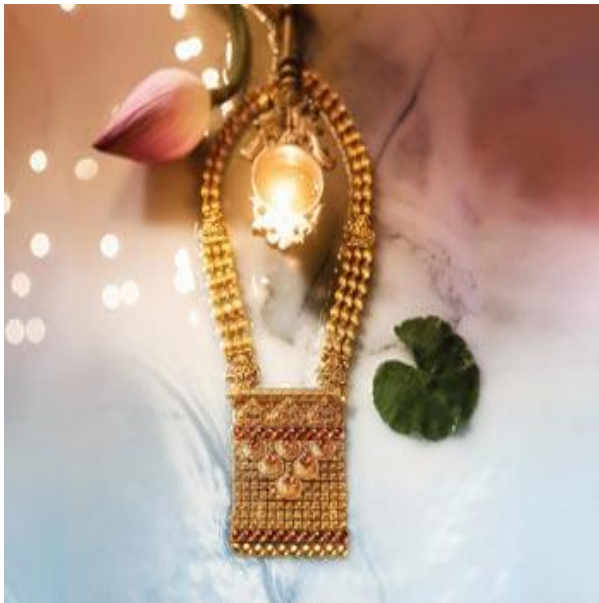


# Titan Today

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# 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

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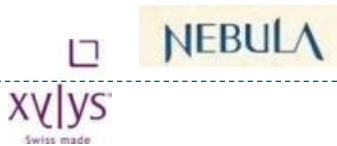


Luxury



ZOYA

Premium



TANISHQ

Mid Market



TITAN eyeplus



Mia



GLARES by TITAN



Mass Market





# Our EBO Network



ZOYA (3)

Luxury

Premium

**HELIOS** (67)  
THE WATCH STORE  
By TITAN

**π** (240)

**WORLD of TITAN** (481)  
THE EXCLUSIVE TITAN SHOWROOM

**TANISHQ**

**TITAN**  
eyeplus  
(478)

Mid Market

Watch Care Centres (716)  
**fastrack** (164)

*Mia* (32)  
**CARAT LANE** (30)

Mass Market

**GOLDPLUS** (4)  
A TATA Product

1439 Exclusive Stores

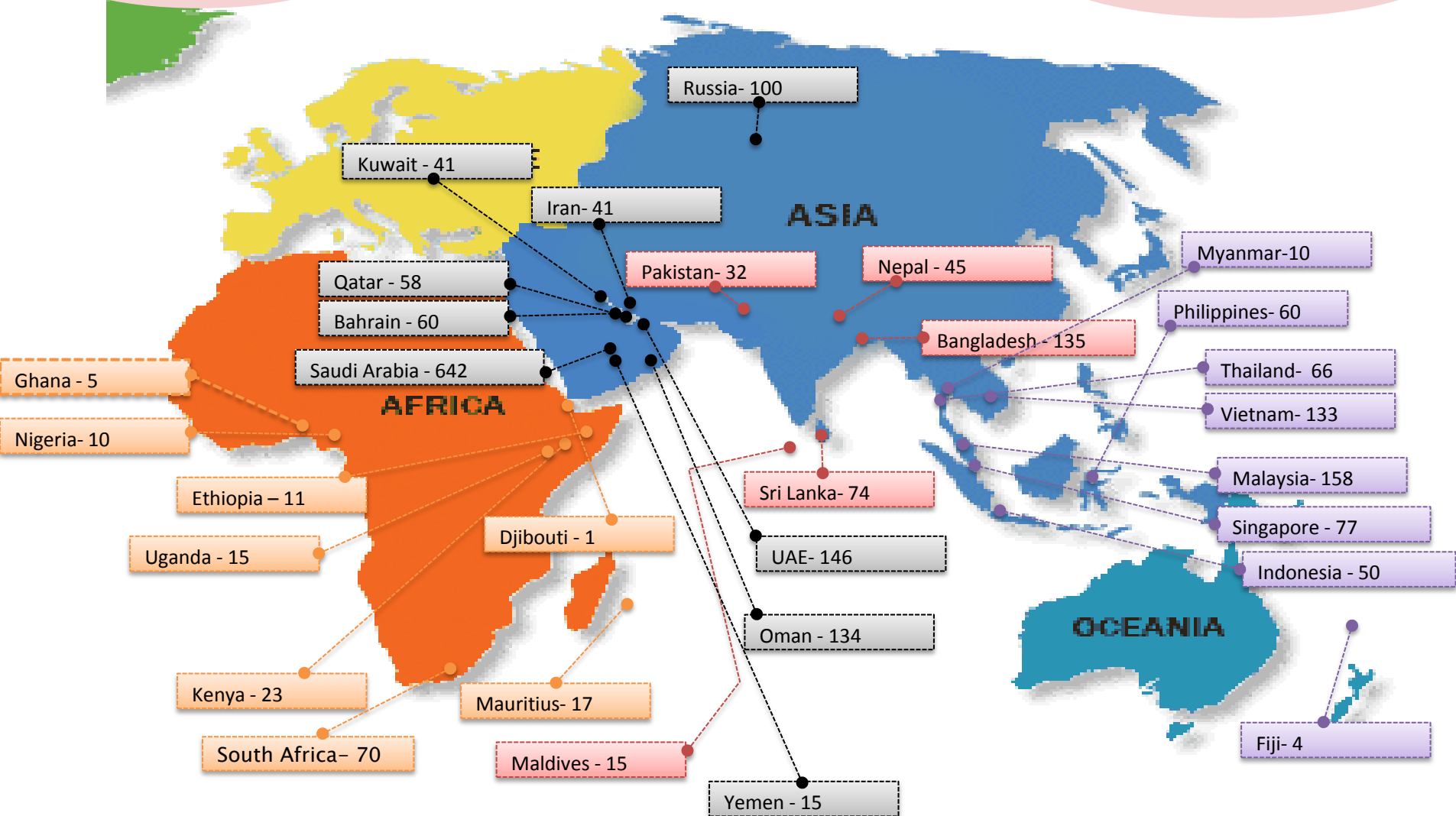
271 Towns

Over 1.9 mn sq ft of retail space

# International Presence

33 Countries

2,264 Outlets



\*Titan Watches are now available in USA through ecommerce partners



# Watches

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## Brands

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6 major in-house brands & 8 licensed brands

## Manufacturing

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

## Points of Sale

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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](http://www.titan.co.in) and market places

EXPORTS: 2,264 pos in 33 countries

## Customer Service

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Largest network of exclusive service centers

716 watch care centers in 277 towns

## Sophisticated Design & Development

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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*



*Fastrack Reflex Activity Tracker Band: Geared up for Action*



*Nebula: A collection of watches crafted from solid gold*

*Titan Juxt: Smarter. By far.*



*Zoop: for the imaginative, talented and energetic child of today*



*Xyllys: Swiss made watches, Crafted for Connoisseurs*

# Watches Manufacturing



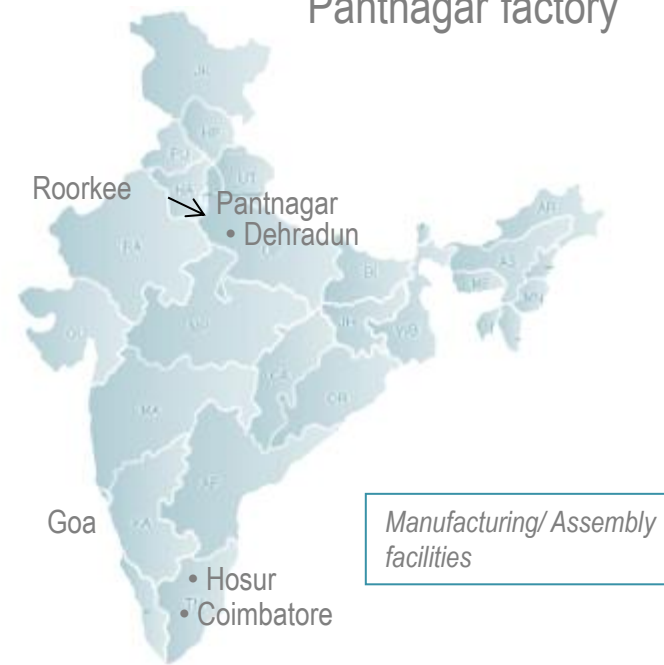
Watch factory, Hosur



Pantnagar factory



Watch Assembly







## WORLD OF TITAN

481 showrooms (Net 7 additions YTD)

221 towns – 412k sft



## FASTRACK STORES

164 showrooms (Net 9 additions YTD)

83 towns – 98k sft



## HELIOS STORES

67 showrooms (Net 18 additions YTD)

32 towns – 64k sft





TITAN | WE

A SMARTWATCH SPECIALLY DESIGNED FOR WOMEN

Buy Now

घठारे पुठार व्णारे



TITAN  
RAGA  
&  
Masaba

#TickTalk

A limited edition collection designed by Masaba Gupta.

# *fasttrack*

LOW PHOLES

WATCHES WITH PERFORATIONS





# Jewellery

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CARAT LANE



## Brands

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TANISHQ: flagship brand

ZOYA: luxury segment play

MIA: Tanishq sub-brand for work wear jewellery

CARATLANE: a Tanishq partnership, ecommerce brand

## Manufacturing

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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

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Largest jewellery retailer in the country

Jewellery sales through EBO and ecommerce

EBO: Tanishq, Mia, Caratlane

Ecommerce: [www.titan.co.in](http://www.titan.co.in) and [www.caratlane.com](http://www.caratlane.com)

## Design Excellence

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Key product differentiator

Capability for in-house design of many collections

$\pi$   
**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  
 $\pi$   
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 JUNCTION, OFF AT STEPHENS CHURCH,  
MUMBAI - 40 00 02 (MUMBAI) AND 500 00 00 (HYD) FOR FURTHER DETAILS.  
[www.zoyajewellery.com](http://www.zoyajewellery.com)



# Jewellery

## Karigar Center, Hosur







## Tanishq Stores

243 showrooms (Including 3 Zoya stores)

Net 32 Tanishq stores and 1 Zoya store added YTD, including 20 erstwhile Gold Plus stores (101k sft added YTD)

147 towns – 971k sft



## Gold Plus Stores

4 showrooms (Net 20 conversions YTD)

4 towns – 8k sft





## Mia Stores

32 stores across 10 cities (~8k sq ft)



## Carat Lane Stores

30 showrooms across 14 towns (~20k sq ft)

A TATA PRODUCT



TANISHQ  
PRESENTS

GLITTERATI

PARTY DIAMONDS  
STARTING AT ₹65,000

A TATA PRODUCT



# AVEER

JEWELLERY FOR MEN

by

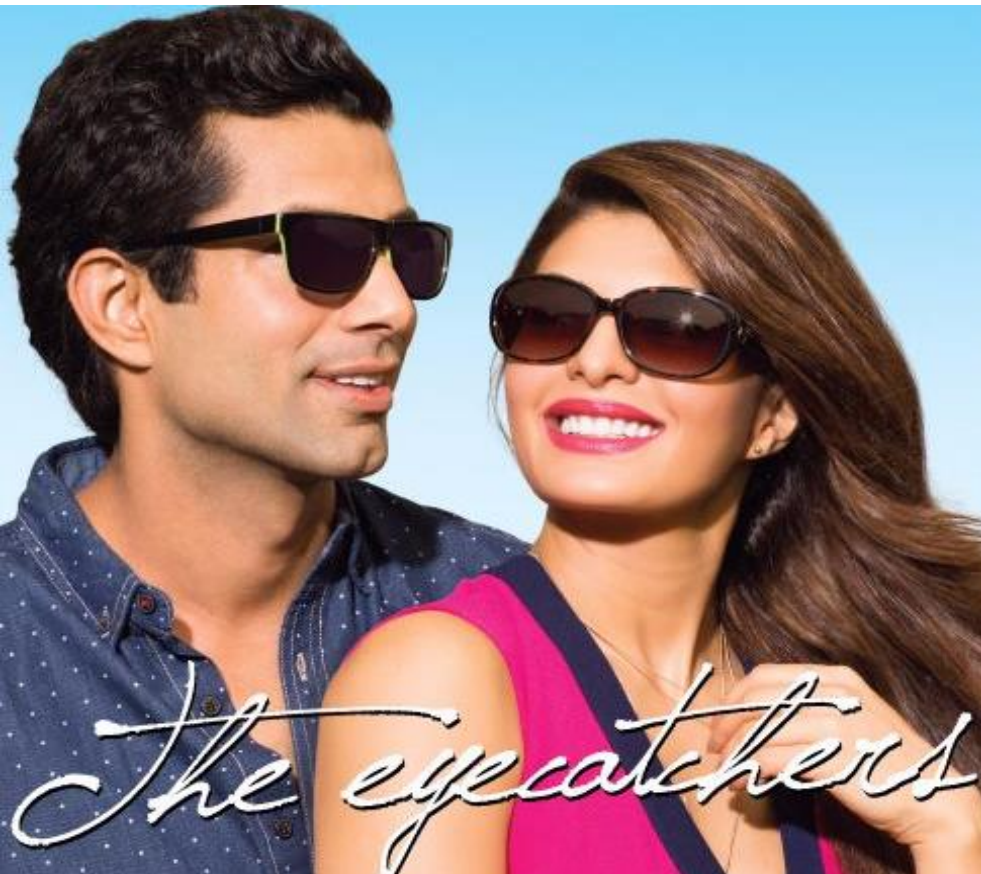
TANISHQ



TITAN  
eyeplus

  
fastrack

GLARES  
by TITAN



## Brands

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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

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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

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

## Differentiators

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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



# *fasttrack*

**SUNGLASSES**



**SUNBLOCKS** COLLECTION



*move on*





## Titan Eye Plus Stores

478 showrooms (Net 30 additions YTD)

210 towns – 327k sft

# Fragrance

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## Brands

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SKINN by Titan

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

## Manufacturing

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

## Points of Sale

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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

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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

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- The Company had good sales and profit growth during the Q3 FY 17-18 on account of good festive season demand
- The applicability of the Prevention of Money Laundering Act to the jewellery industry was suspended during the quarter. The Act required the stores to collect KYC for all sales in excess of Rs 50,000 and file certain returns as applicable. The suspension led to resurgence in sales in Tanishq stores, in time for the festival season.
- The GST on watches and sunglasses has been revised to 18% from 28%. The GST rate on frames has been revised from 18% to 12% which is in line with the GST levy on a complete spectacle
- Both, Watches and Eye Wear division undertook a price correction, commensurate to the reduction in the GST rate
- The reported revenue growth figures for watches and eye wear division are understated as the erstwhile excise duty equivalent also gets subsumed in the revenue component hence reducing the revenue growth
- The Company has done well on the cost optimization front in this quarter, also aided by the availability of input tax credit on many overheads which were not available earlier
- The Company added 73 stores with a retail space of 75k sq feet in YTD December FY 17-18

## Q3 Background

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### Jewellery

- Good traction in the wedding jewellery segment and success of collections like Padmavati helped Tanishq in continuing to gain market share. Brand health metrics continued to strengthen as well.
- The division had a very high base for the quarter. The festival season in Q3 FY 16-17 was excellent with Dussera and Diwali in the same quarter. While there was the one-off event of demonetization last year, the effect of the same on Tanishq was minimal and the division had reported a growth of 15% in Q3 FY 16-17.
- The retail growth for the quarter of 15% was therefore all the more satisfying and was in line with our expectations.
- The primary growth for the quarter was 7% - lower than the retail growth primarily due to lower franchisee billing to L3 channel compared to the secondary sale. As reported earlier, primary billing was much higher towards the end of the previous quarter in anticipation of the festive season.
- Good gross margins and operating leverage resulted in the profit growth being a healthy 15%.
- Tanishq celebrated its 20<sup>th</sup> Anniversary with exciting customer offers in stores in the month of December 2017
- 32 Tanishq (net) and 1 Zoya stores added YTD December FY 17-18 including conversion of 20 Gold Plus stores to date adding upto about 101k square feet

## Q3 Background

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### Watches

- Q3 was a very good quarter for the Watch division. While the top line growth was 4.7%, if figures were restated for excise duty corrections, the growth in the quarter comes to 11% .
- Domestic watches sales have grown by 11% in volume and value terms (restated for excise duty correction)
- The Fastrack brand grew by 26% in volume terms marking a significant resurgence of the brand
- International business has had a very encouraging debut on Amazon US website, with 60% of the buyers not being of Indian origin
- Titan launched two landmark products in the women's watch category - Titan We and a collection of watches designed by celebrated designer Masaba Gupta, exclusively for Titan.
- The division added 7 WOTs, 9 Fastrack and 18 Helios stores adding upto 10,000 sq feet in the year so far

### Eye Wear

- The Titan Eye Plus Business did well during the quarter with 23% retail growth and 14% like to like growth
- The reported revenue was flat on account of excise component absorbed in reported revenue on account of GST implementation and continued underperformance of sunglass business
- The Sunglasses business declined by 19% as it has a very high component of distribution and the distributors/dealers continue to remain vary about stocking this category despite the reduction in the GST rate to 18% from 28%
- Omni Channel : Rolled and delivered first set of endless Aisle and Ship from Store orders
- 30 stores measuring 21k sft were added in the year



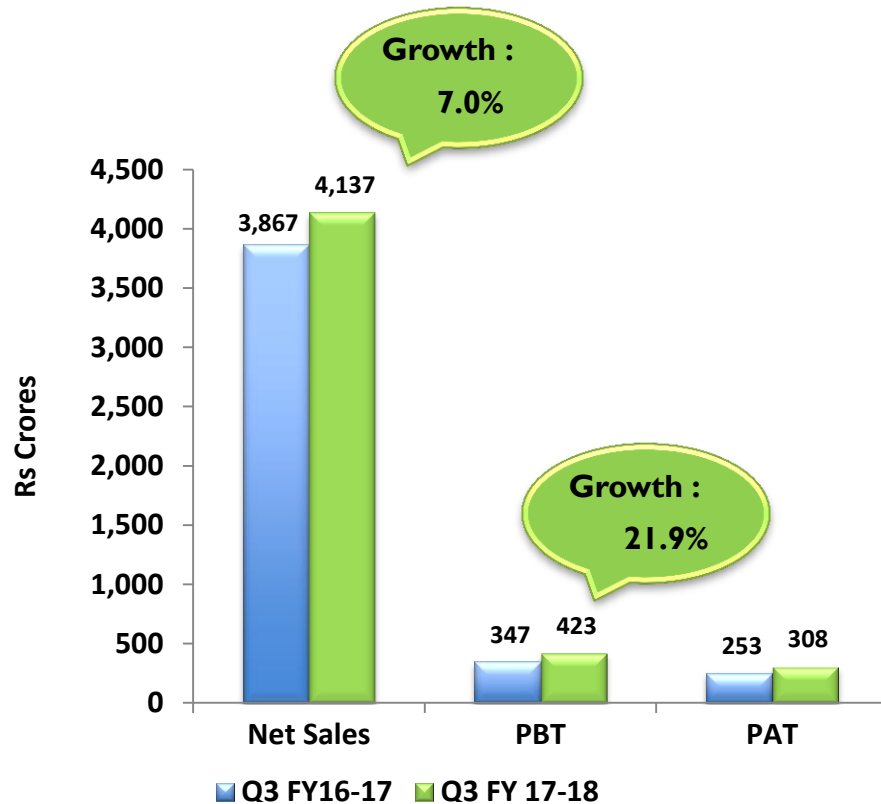
# Q3 FY 17-18 Retail Growth

	<u>Sales value growth</u>	<u>Like to like growth</u>
<b>World of Titan</b>	8%	7%
<b>Tanishq</b>	15%	12%
<b>Helios</b>	37%	4%
<b>Fastrack</b>	10%	6%
<b>LFS</b>	11%	6%
<b>Titan Eye+</b>	23%	14%

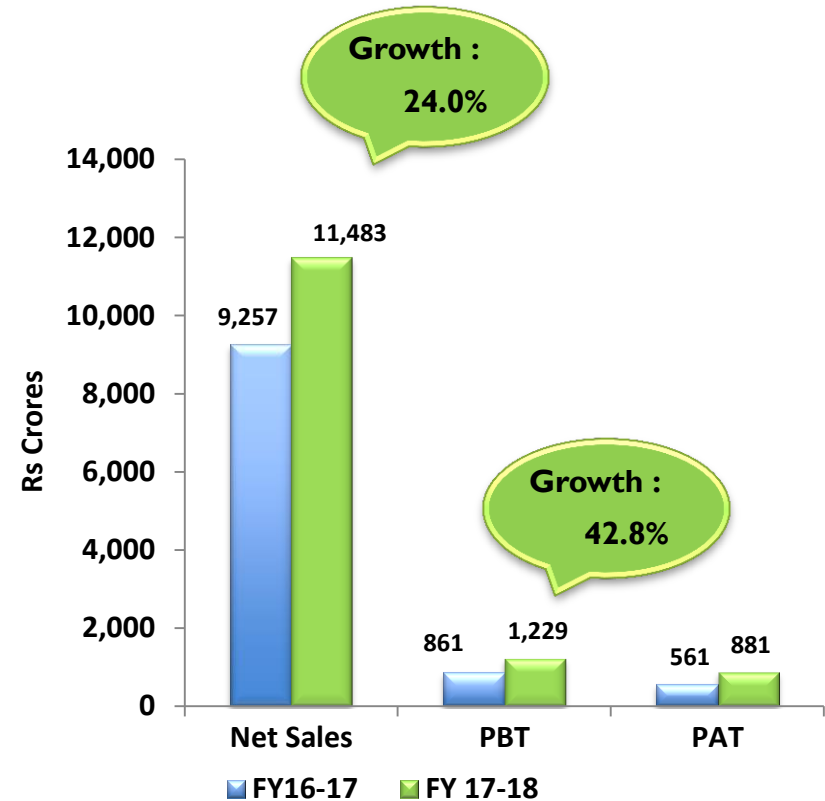
Note – Retail growth is based on sales to consumers in the retail channel only and is at price to consumer whereas revenue recorded in financials is based on primary billing to L3 and trade channels and after netting payouts to channel partners

# Company Performance Q3 FY 17-18- Standalone

## Q3 FY 17-18

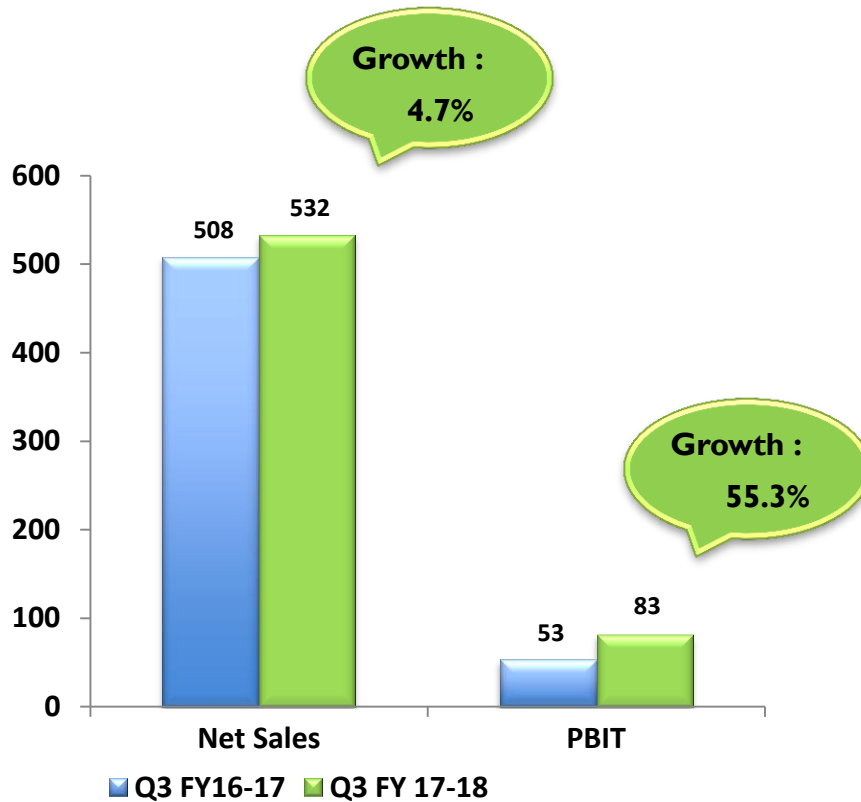


## YTD FY 17-18

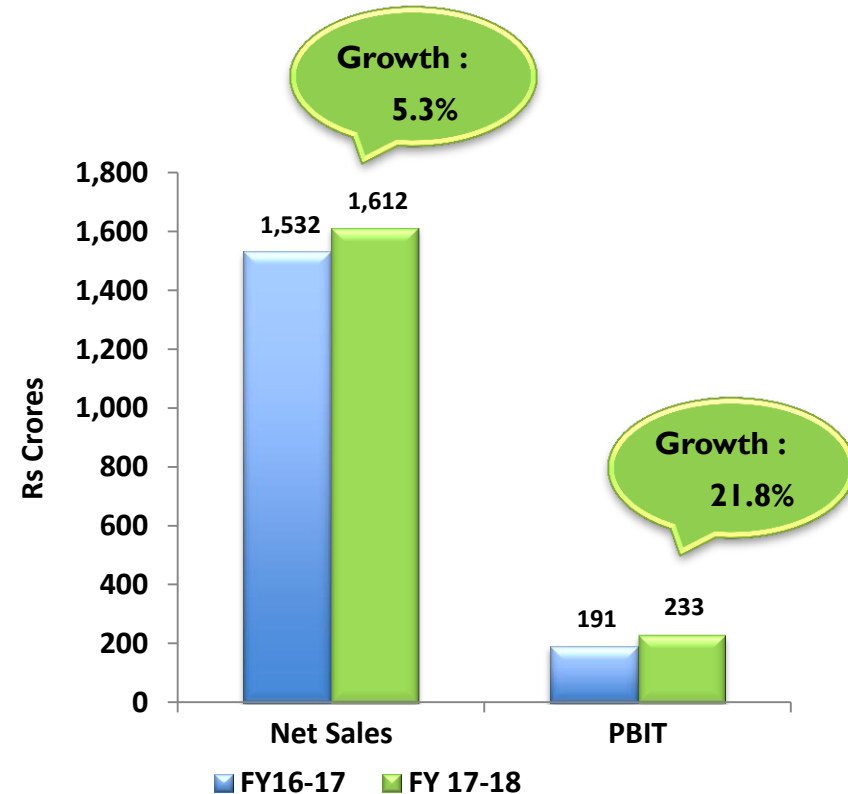


- While revenue grew by 7% in Q3 FY 17-18, the profits grew by 22% on account of gross margin improvement and overhead efficiencies
- PBT is before VRS expense of Rs 0.6 Cr for Q3 FY 16-17, Rs 11 cr for YTD FY 17-18 and Rs 94 cr YTD FY 16-17
- PBT Margin continues to be over 10% for the quarter and has gone up to 10.7% for the year

## Q3 FY 17-18



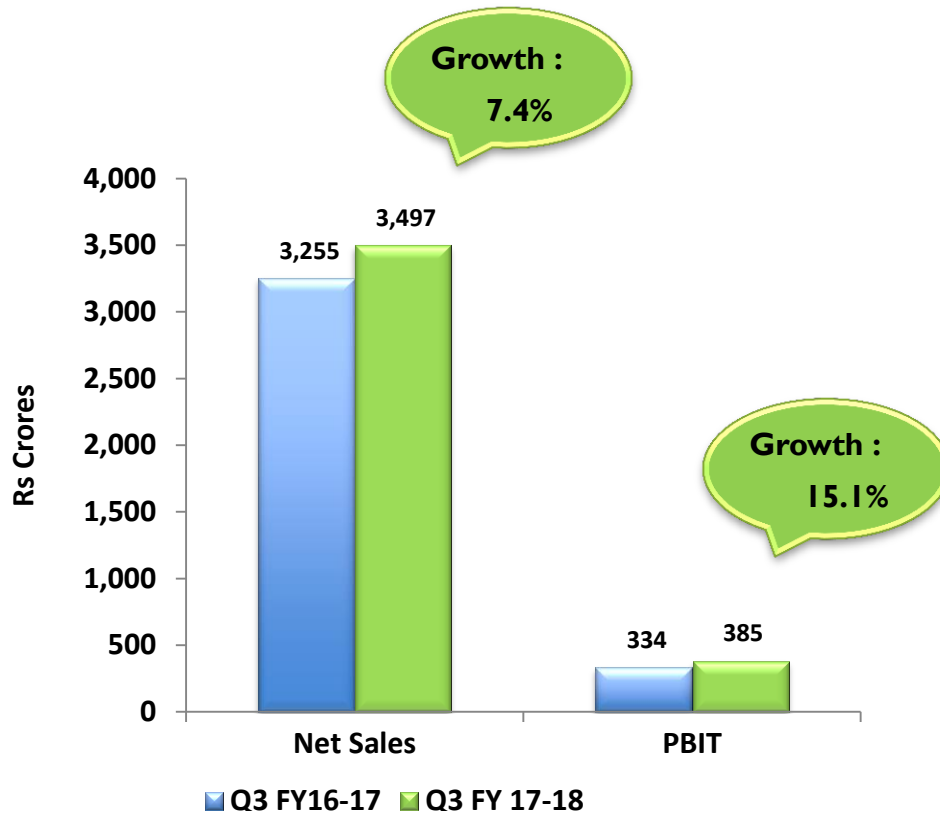
## YTD FY 17-18



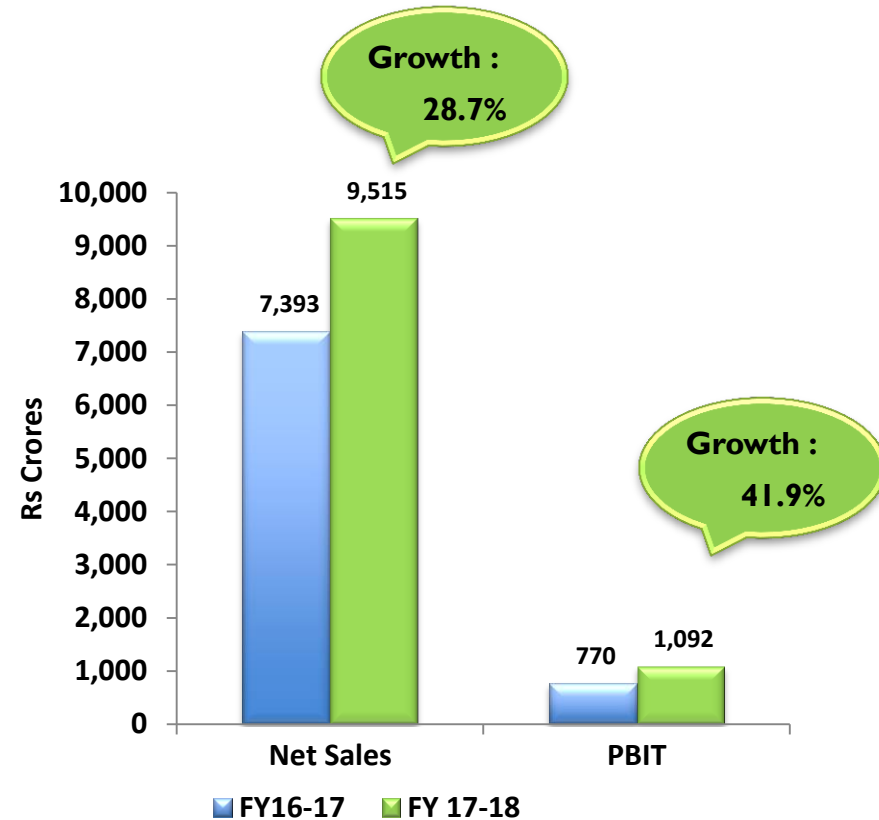
- Revenue growth would be 11% for Q3 FY 17-18, after adjusting for excise duty/exemptions in PY and CY
- Volume growth continues to be very good at 11%
- PBIT above is before VRS impact for the division of Rs.10 cr for YTD 17-18 and Rs.65 cr for YTD FY 16-17
- The reported PBIT margin for the quarter of 15.6% would come down to 12.6% if we exclude accounting in the current quarter for GST refunds and input tax credits on transitional stock pertaining to the previous quarter.
- PBIT margin of 14.5% for the year so far is on the back of strong revenue growth, gross margin improvement and control on costs



## Q3 FY 17-18

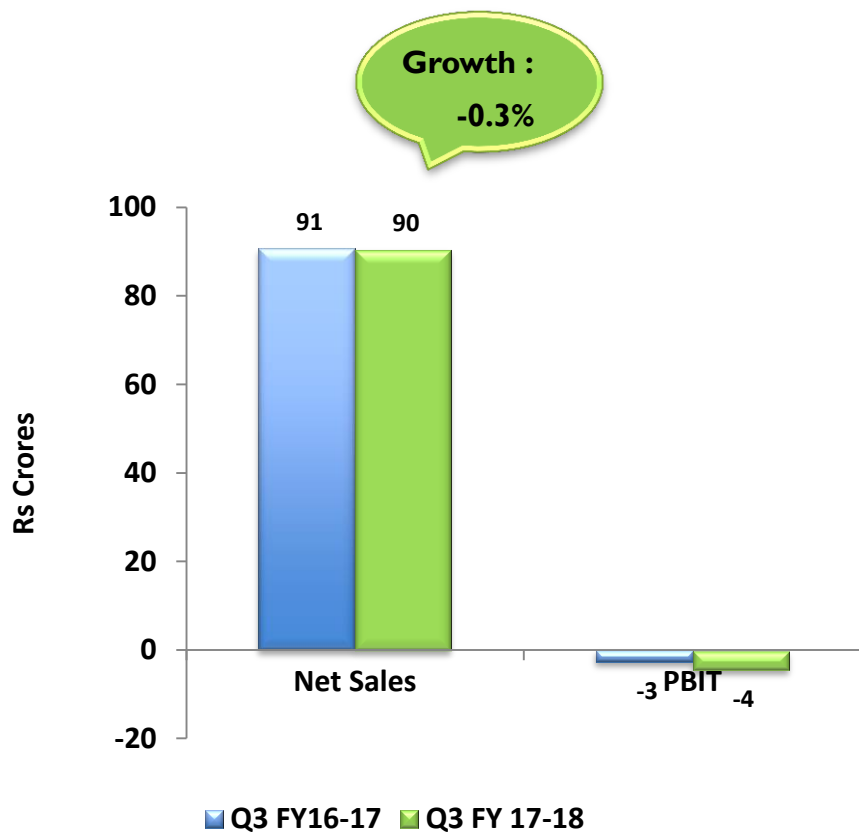


## YTD FY 17-18

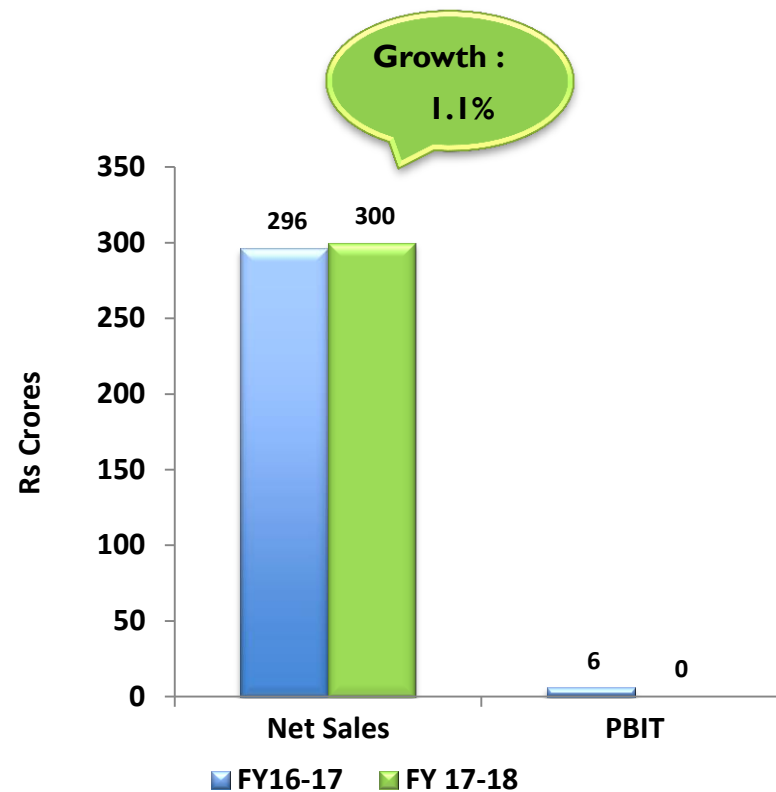


- Revenue growth appears low at 7.4% primarily due to lower primary billing of Rs 170 cr to L3 channel in the quarter
- Grammage growth is 6% for Q3 and 29% for YTD
- The studded ratio was excellent at 25% for the quarter compared to 21% in the same quarter in the previous year, driving gross margins and profits up substantially
- PBIT above is before VRS impact for the division of Rs.1 cr for YTD FY 17-18 and Rs. 14 cr for YTD FY 16-17

## Q3 FY 17-18



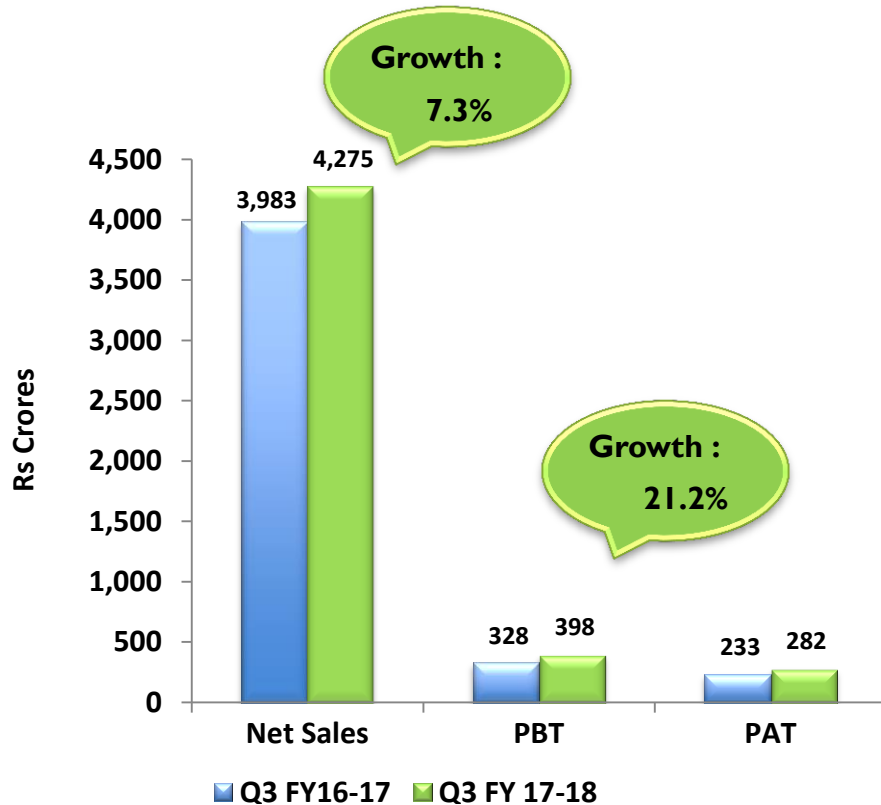
## YTD FY 17-18



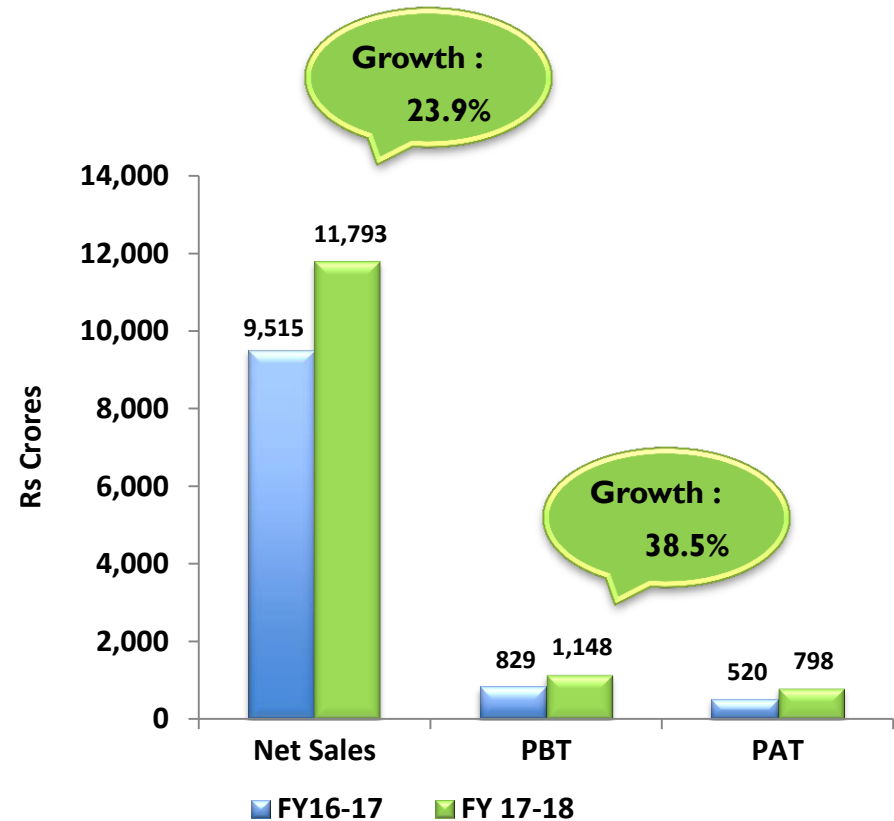
- Flat top line only because of Sunglasses business that declined by 19% for the quarter – effect of GST continuing
- PBIT above is before VRS for the division of Rs.4 cr for YTD FY 16-17.

# Company Performance - Consolidated

## Q3 FY 17-18



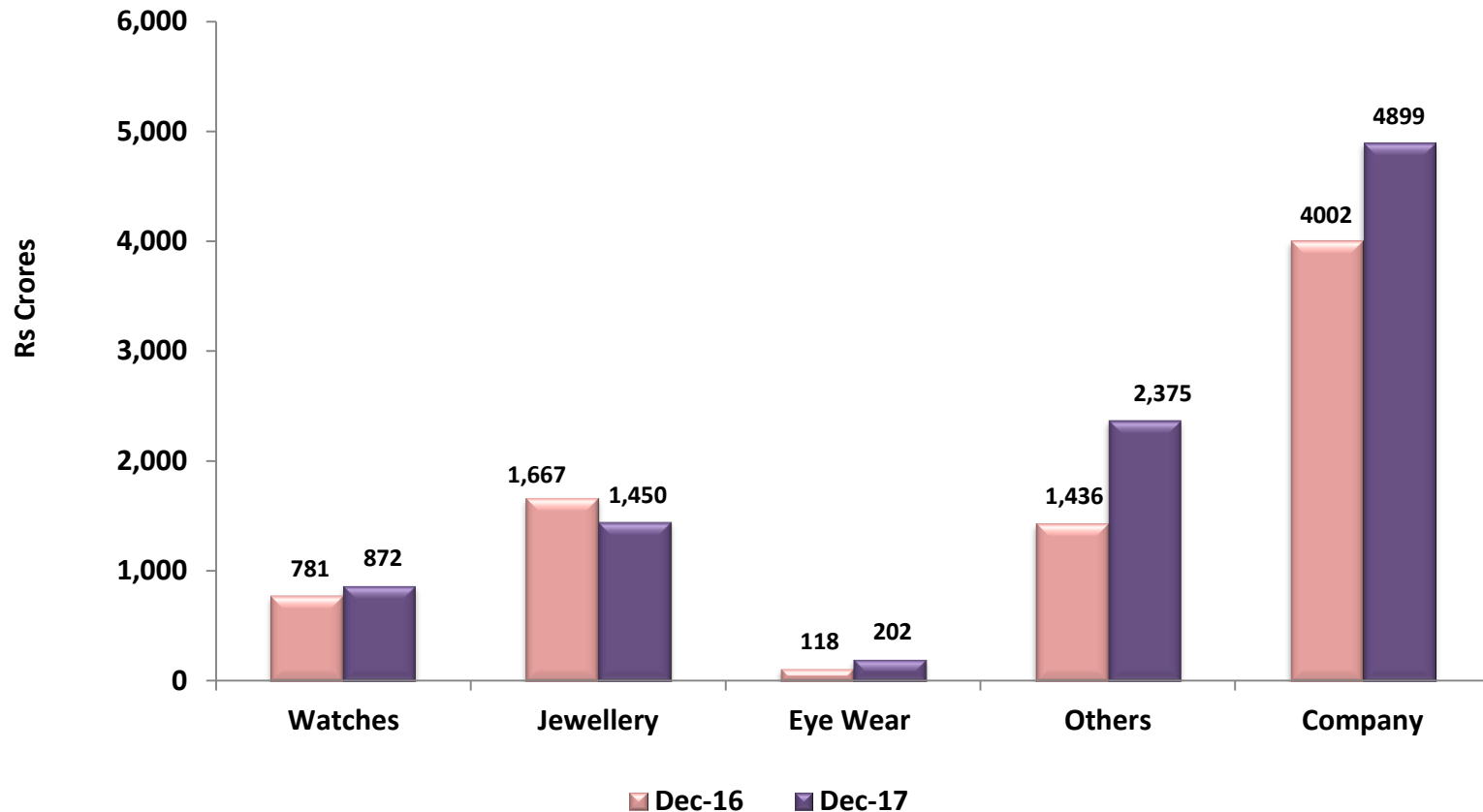
## YTD FY 17-18



- Growth in revenues in Caratlane continues to be good but TEAL declined in growth in the year so far due to delays in shipments of some major contracts that are expected to take place in Q4
- PBT figures are before consolidated VRS cost of Rs.0.6 cr for Q3 FY 16-17 and Rs 100 cr for YTD FY16-17 and Rs.11 cr for YTD FY17-18.



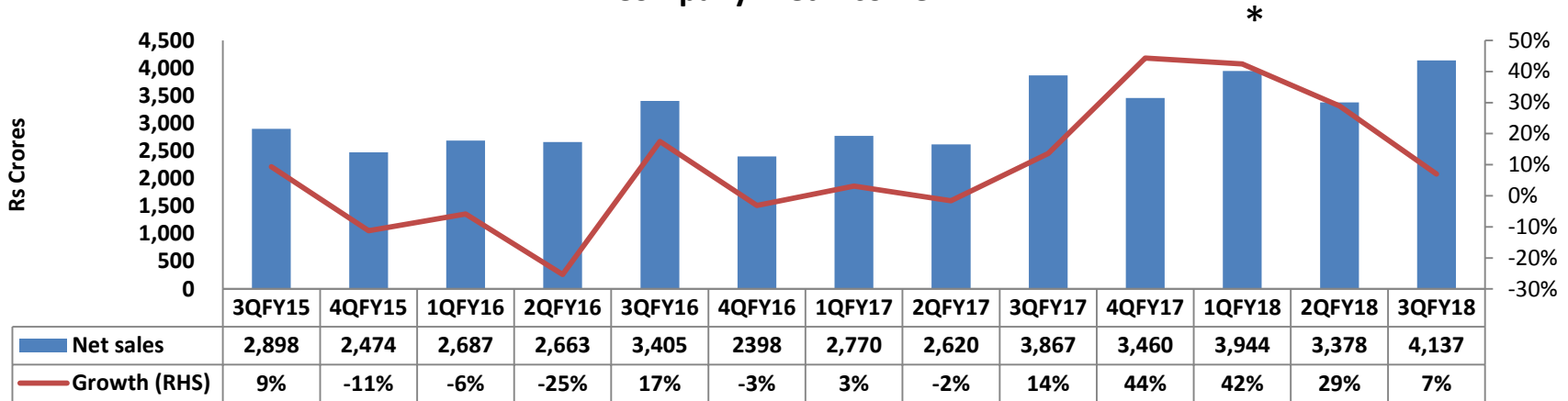
# Capital Employed



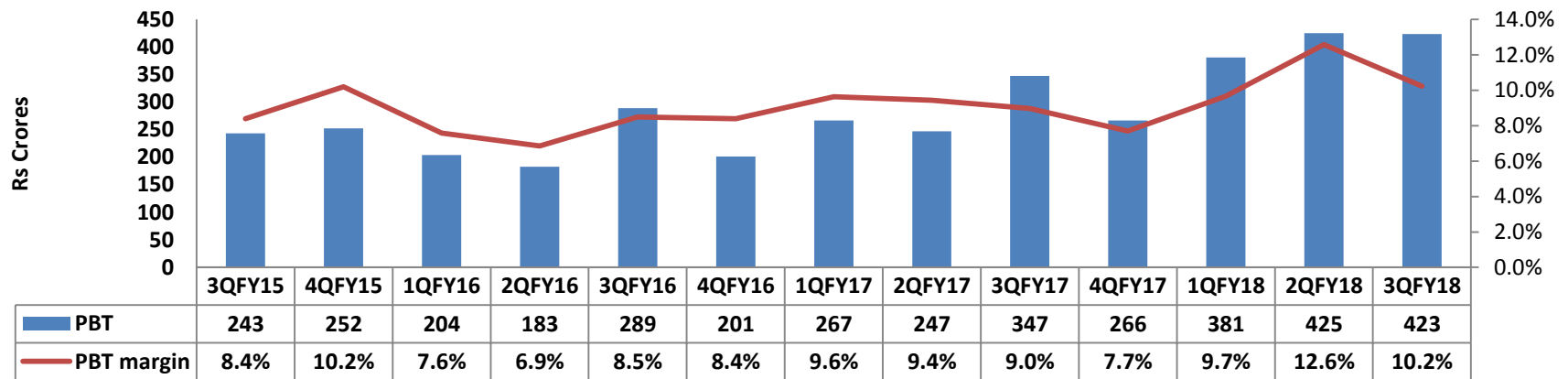
- Jewellery capital employed declined as the division procured more Gold on Lease this year and increase in GHS balance.
- Sharp increase in corporate capital employed primarily due to increase in cash and cash equivalents, capital expenditure for new corporate office, investments in subsidiaries and increase in dues from Government post implementation of GST

# Quarterly Performance Trends

## Company: Net Income



## Company: PBT & Margin

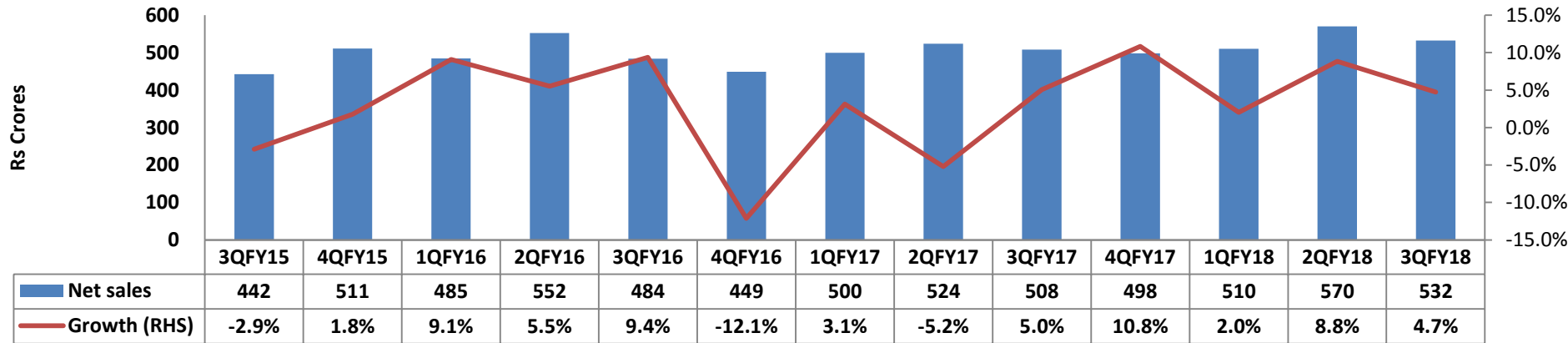


\* Financials of the Company do not include PED from Q1 FY 17-18 onwards due to its demerger into TEAL

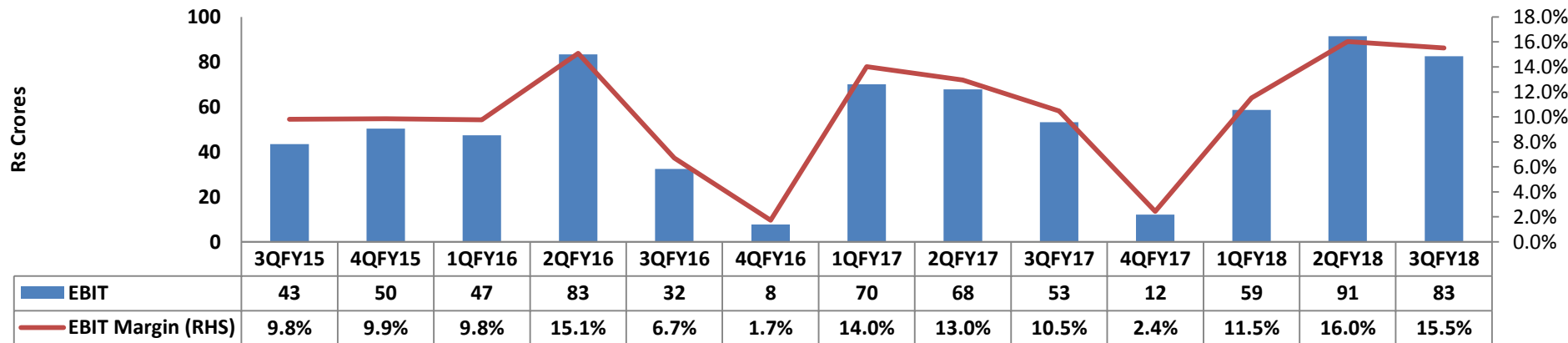
# Quarterly Performance Trends



## Watches: Net Income



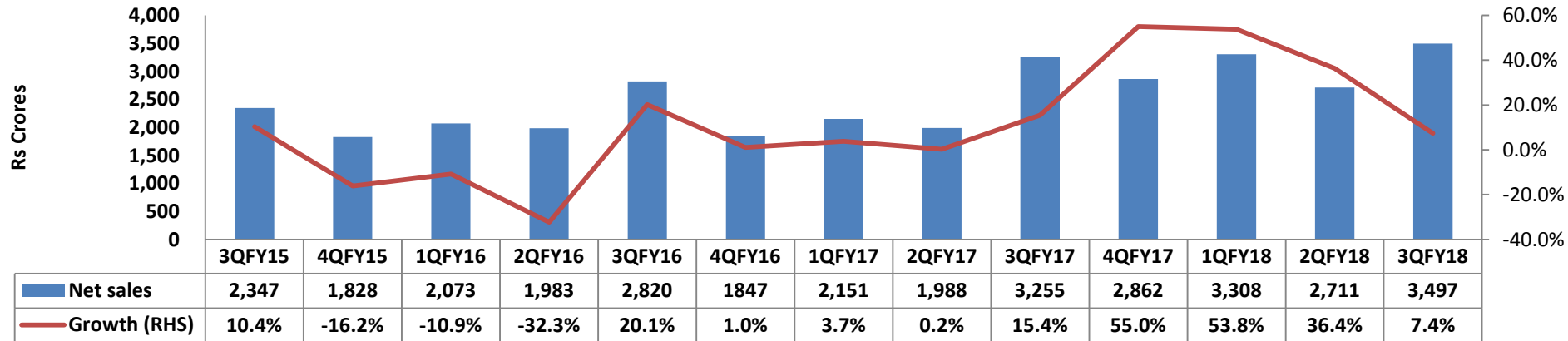
## Watches: EBIT & Margin



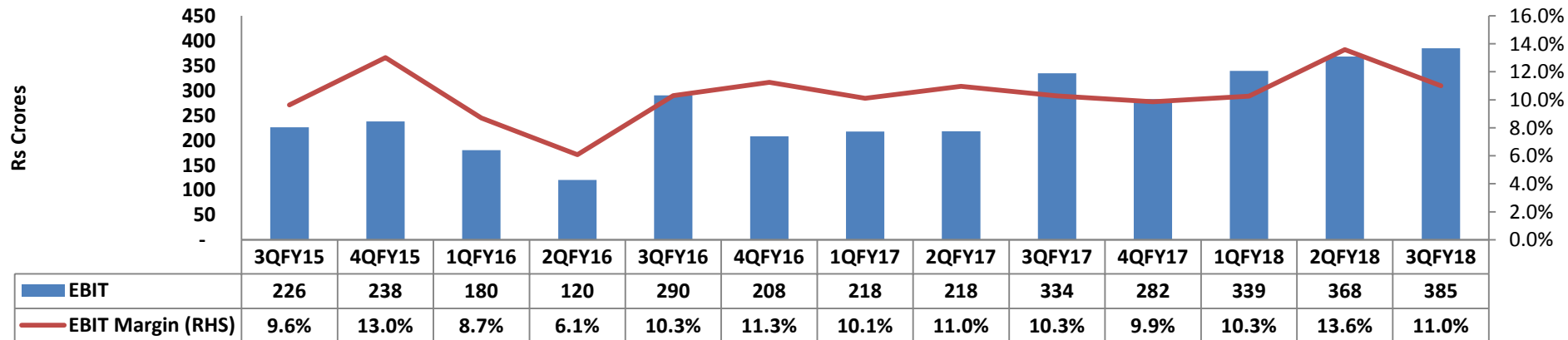


# Quarterly Performance Trends

## Jewellery: Net Income



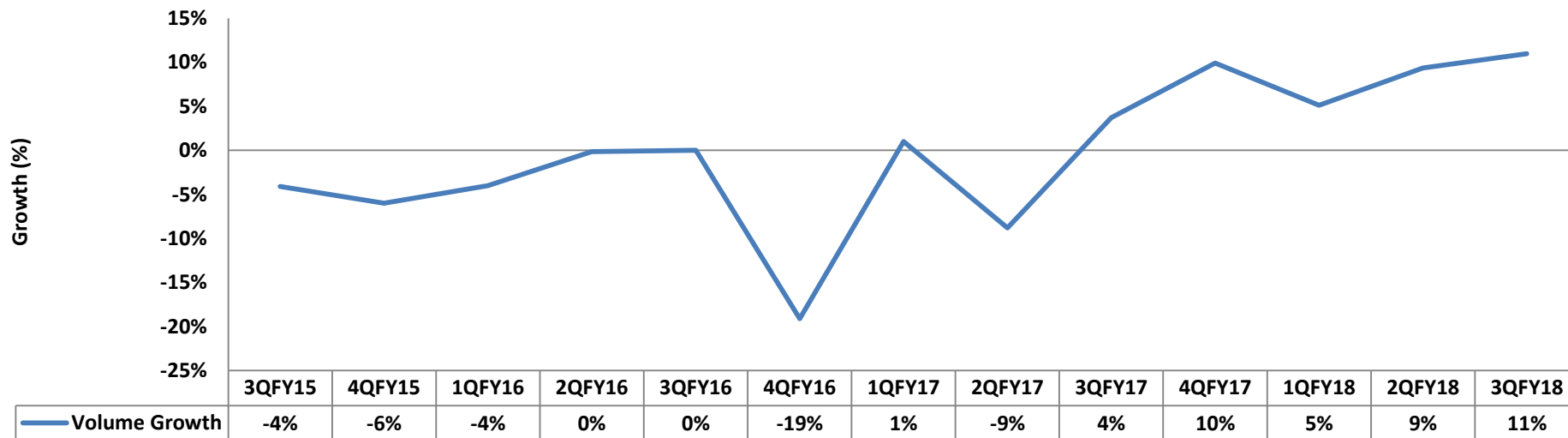
## Jewellery: EBIT & Margin



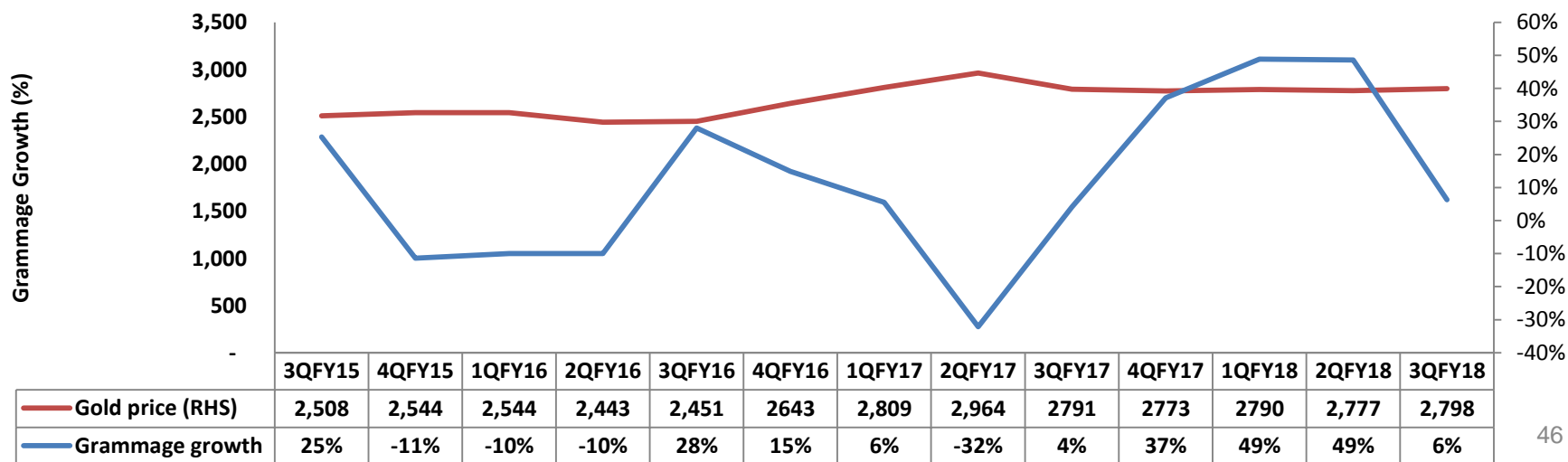
# Quarterly Performance Trends



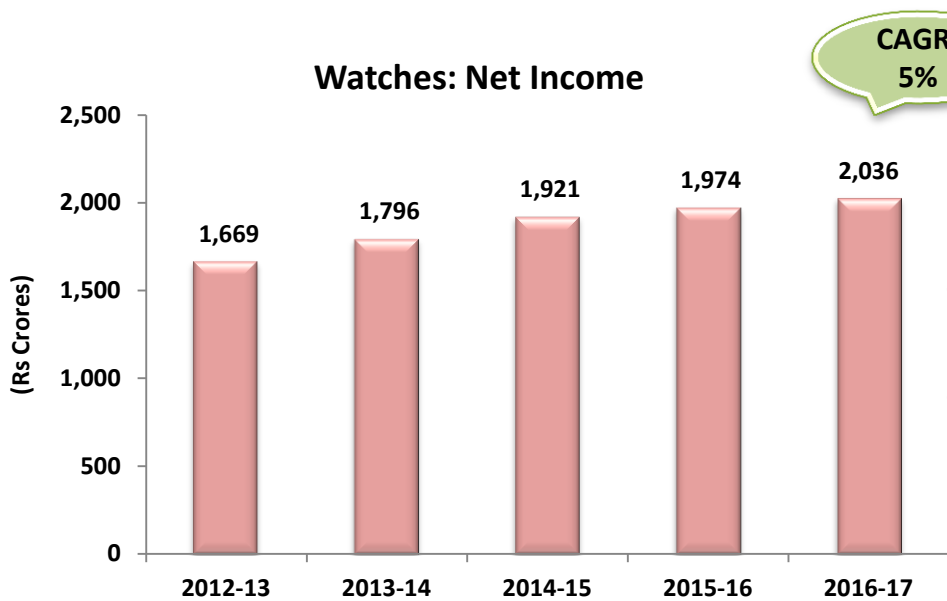
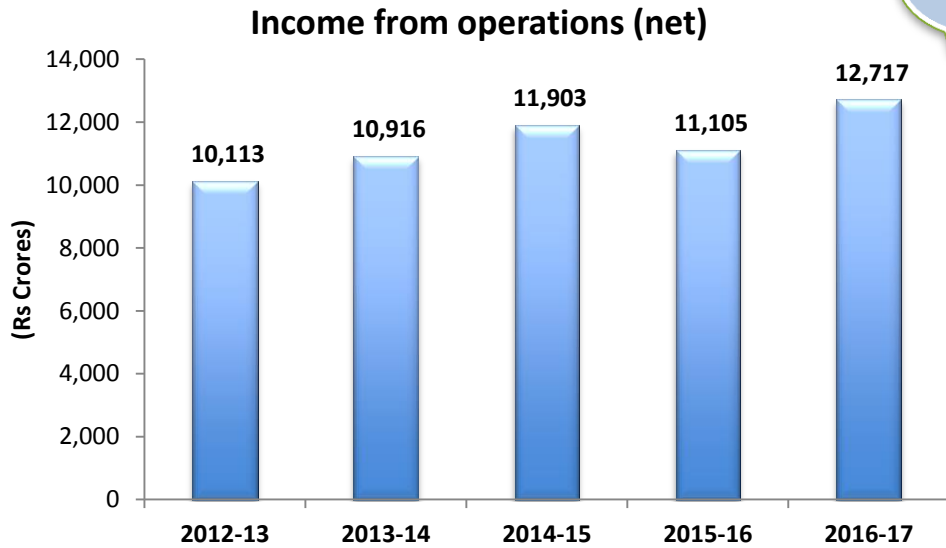
## Watches: Volume growth



## Jewellery: Gold price (22kt) and Grammage growth

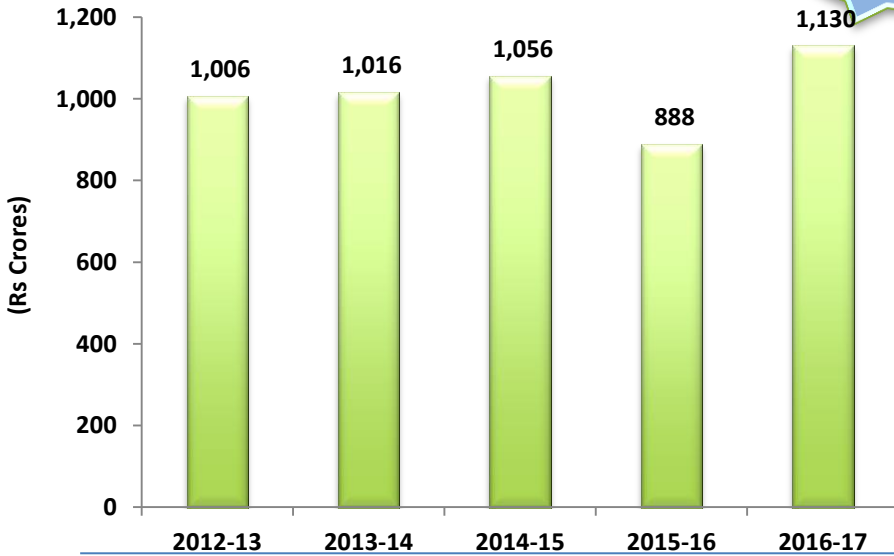


# Annual Performance Trends

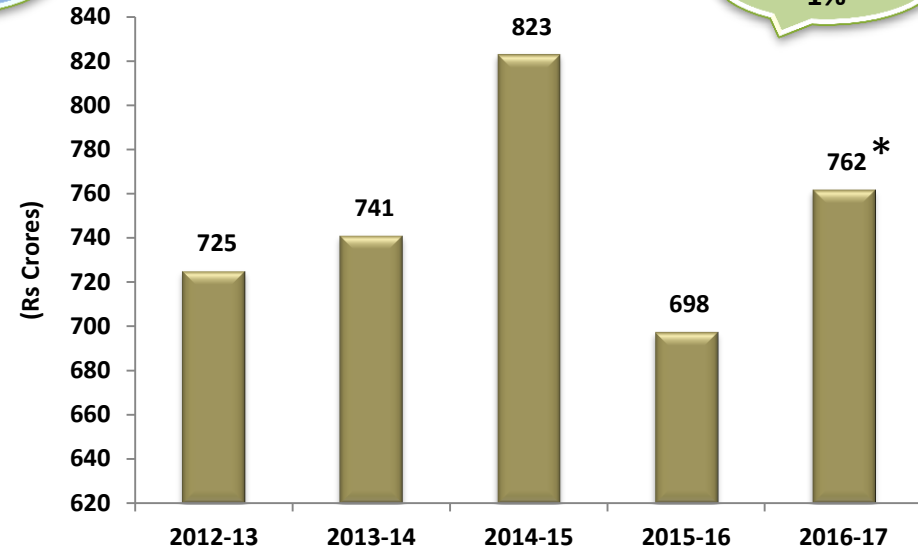


# Annual Performance Trends

**PBT**

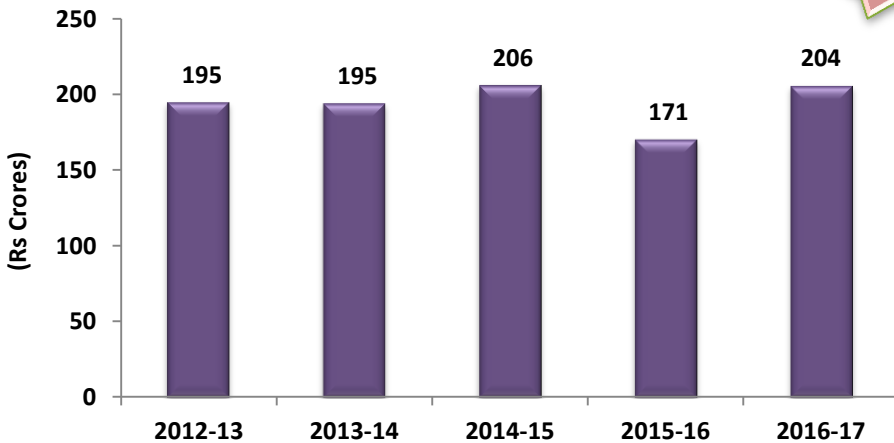


**PAT**

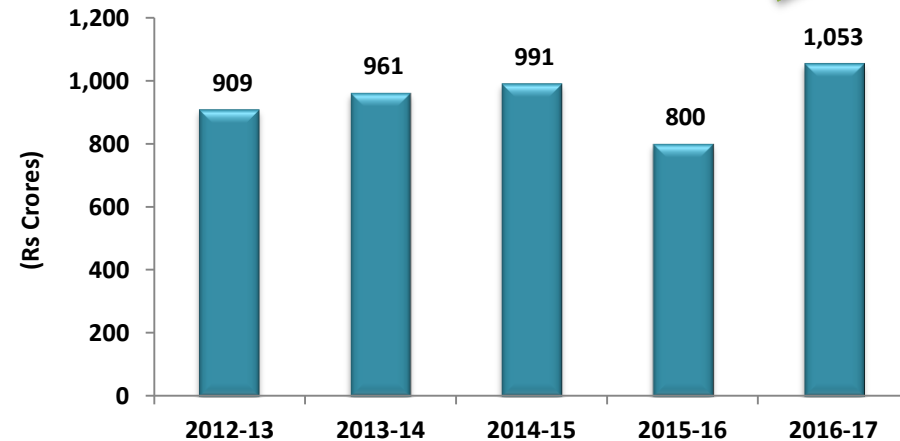


\* PAT after VRS cost of Rs 100 cr

**Watches: PBIT**



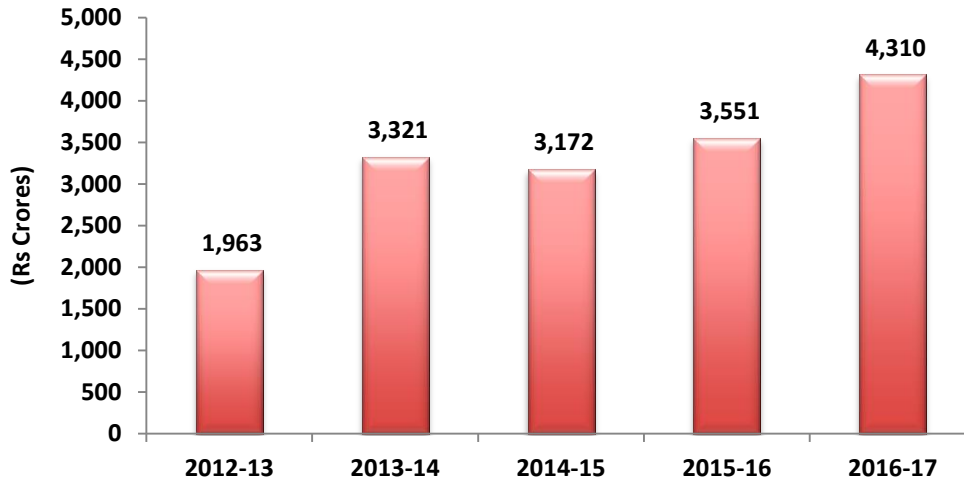
**Jewellery: PBIT**





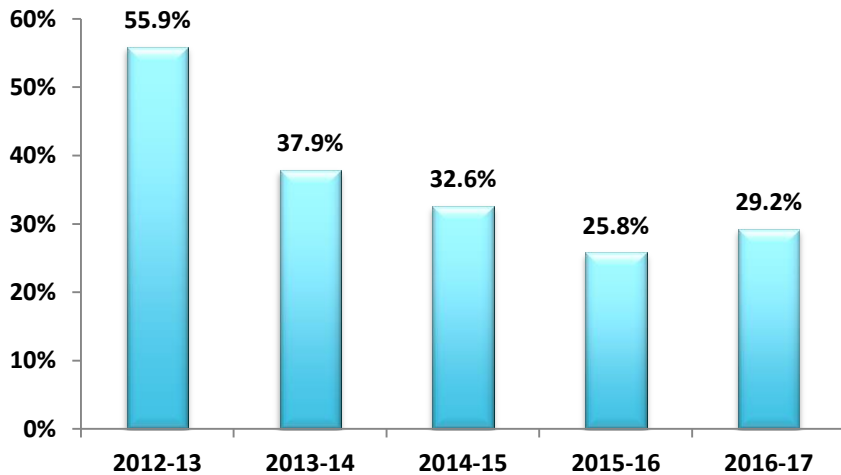
# Annual Performance Trends

### Capital Employed

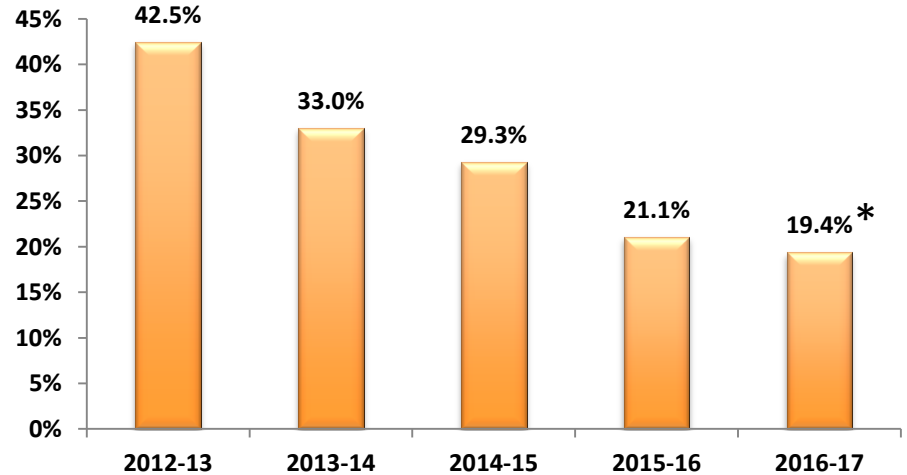


• Disruption in Gold on lease scheme increases Capital Employed sharply in FY 13-14

### ROCE



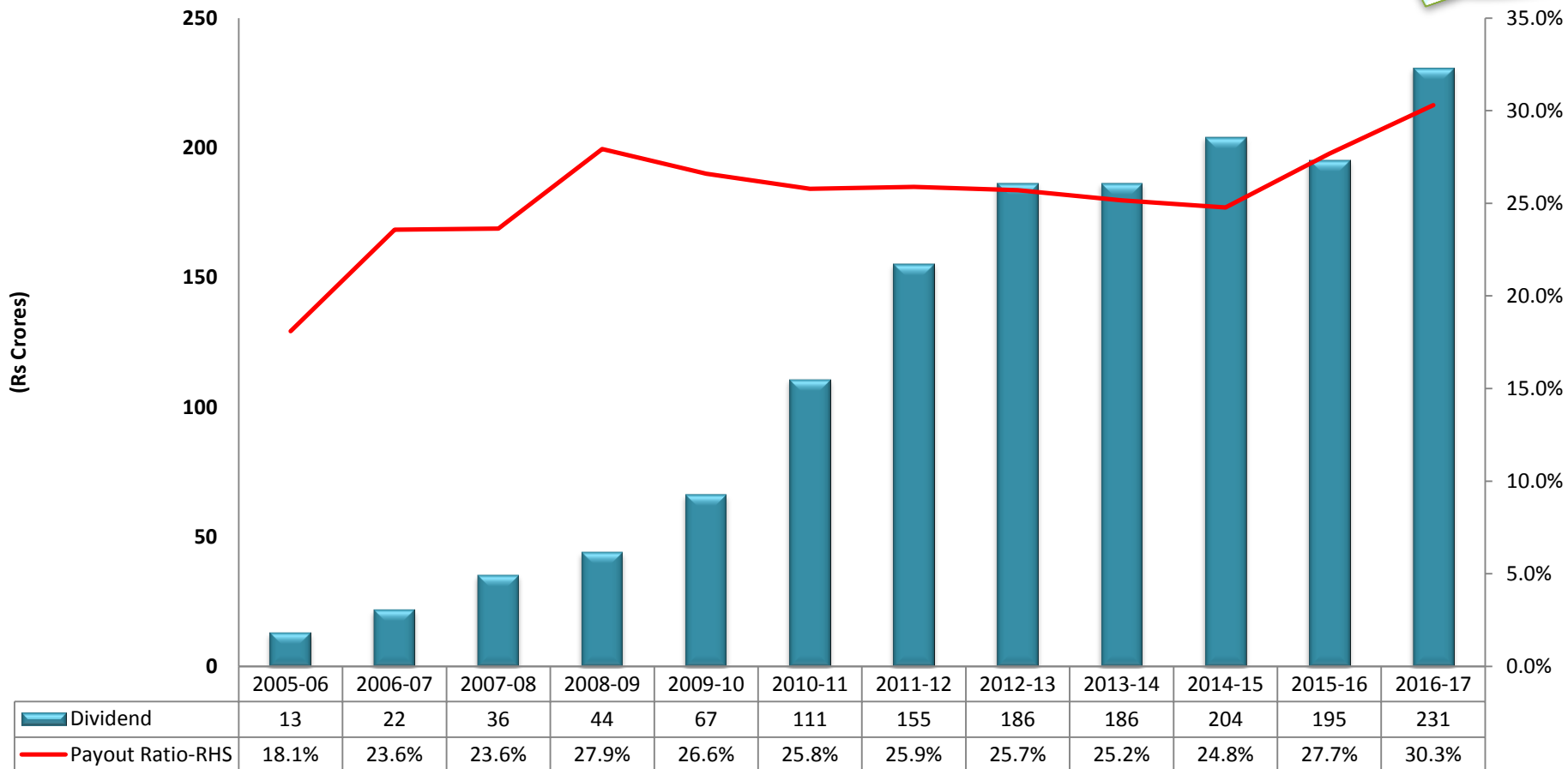
### ROE



\* ROE after VRS cost of Rs 100 cr

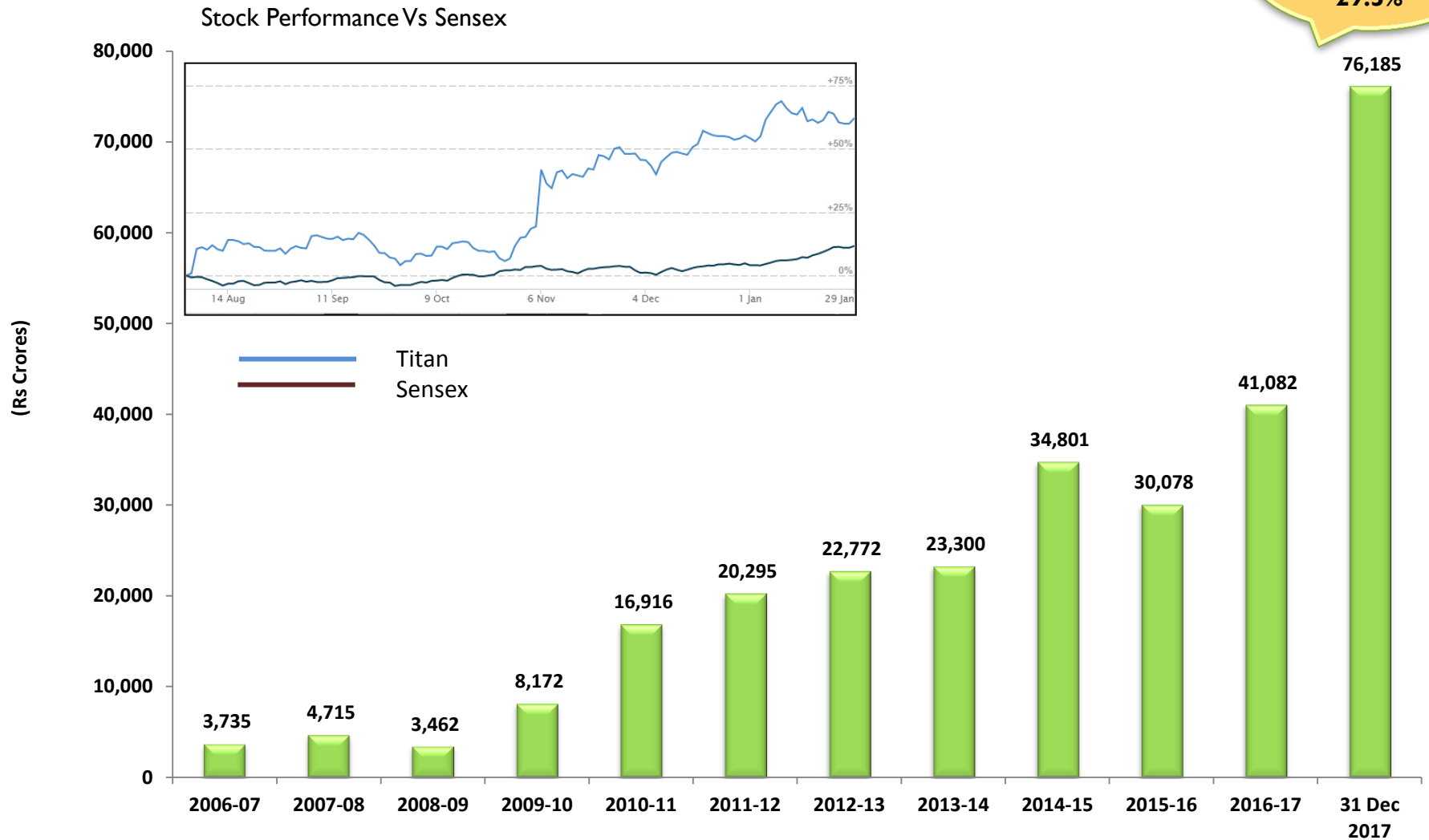
# Dividend

**10 year  
CAGR: 26%**



# Market Capitalisation

**10 year  
CAGR:  
29.5%**



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**  
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