

Titan Company Limited

Delivering value by creating brands

August 2014



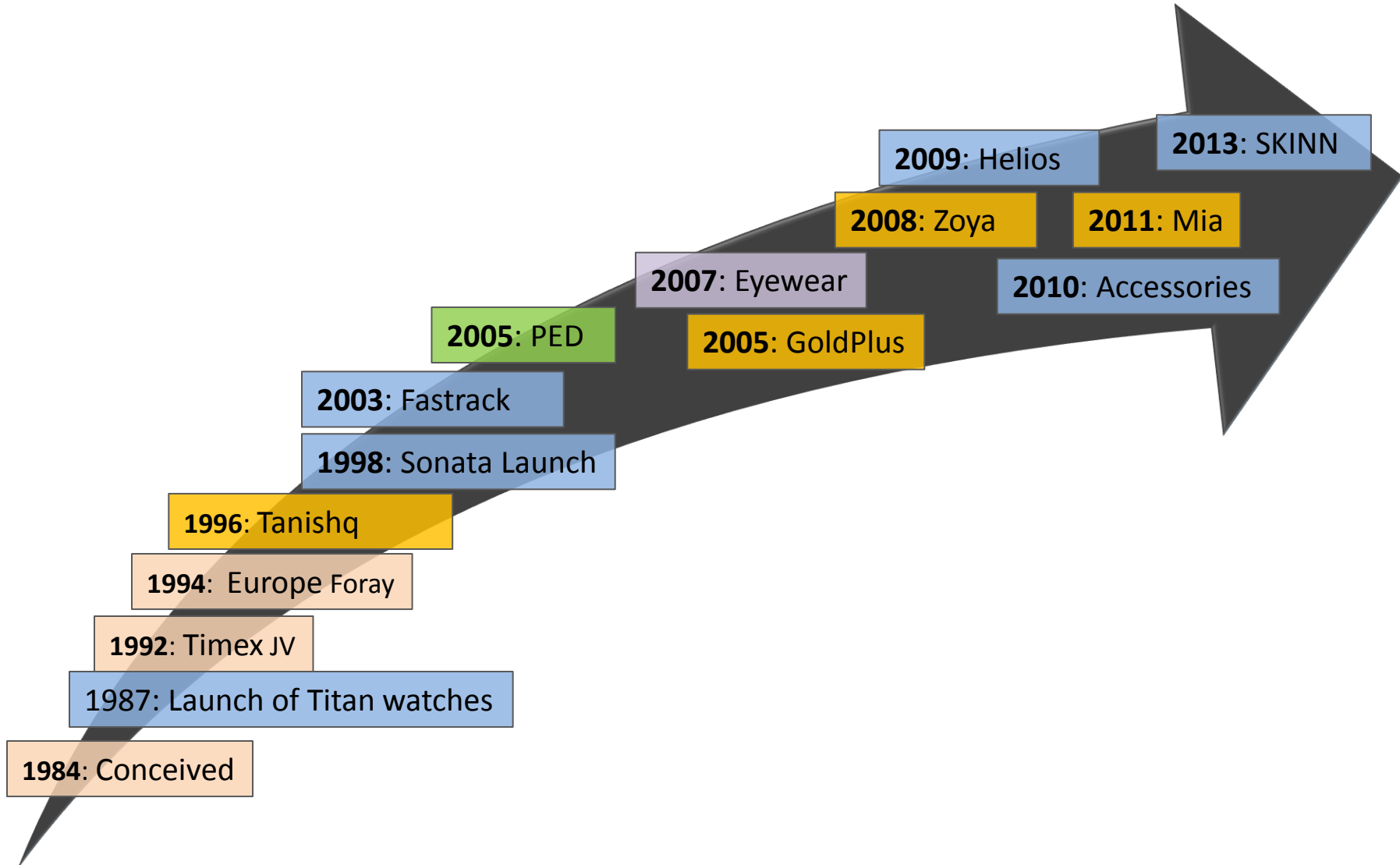
Disclaimer



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 3

Premium

HELIOS 45

Mid Market

WORLD of TITAN 406

TANISHQ 165

TITAN EYE+
WORLD CLASS OPTICAL STORES

300

Service Centres

760

fastrack 148

Mass Market

GOLDPLUS 33
from TATA

1,100 Exclusive stores

208 Towns

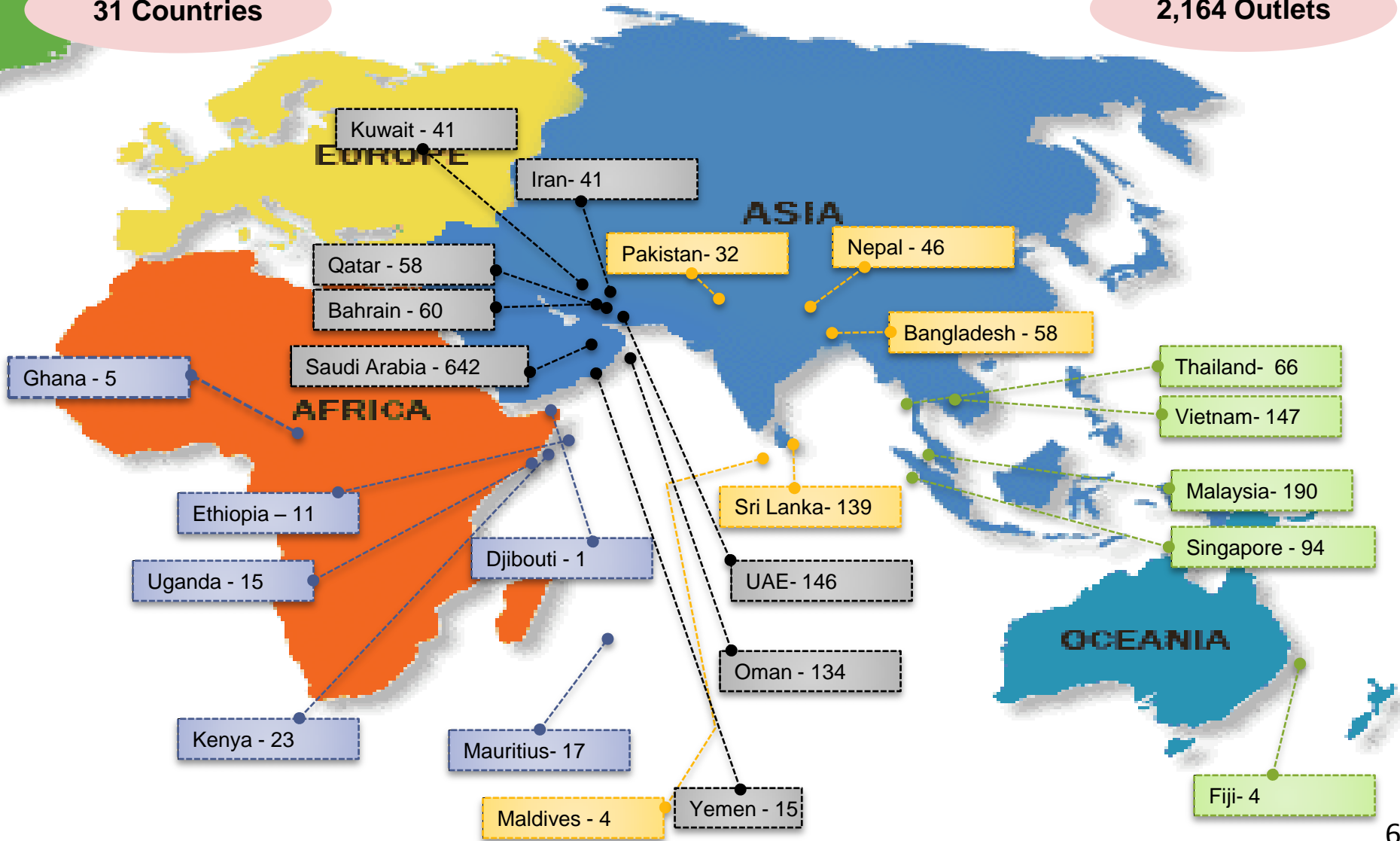
Over 1.48 million sft
of retail space

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 : 1,100 stores with over 1.48 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

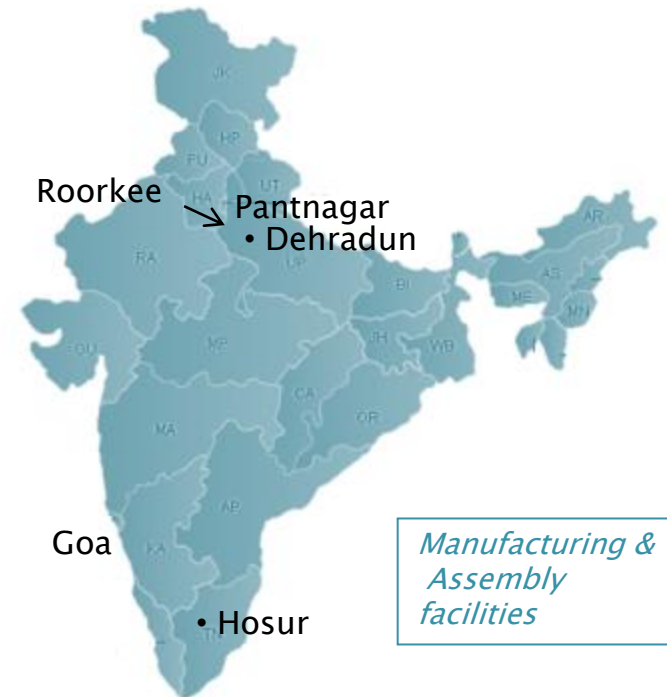
- Exclusive “World of Titan” outlets
- “Fastrack” outlets
- Multi-brand outlets: “Helios”
- Multi-brand dealers and stores
- Large-format stores like Shoppers’ Stop, Lifestyle etc

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">• 406 showrooms (5 added in Q1)• 173 towns – 402k sft
 <p>fastrack</p>	<ul style="list-style-type: none">• 148 stores / kiosks• 80 towns – 86k sft
 <p>HELIOS</p>	<ul style="list-style-type: none">• 45 stores• 21 towns – 57k sft
Service Centres	<ul style="list-style-type: none">• 760 outlets• 268 towns
Retail All India	<ul style="list-style-type: none">• 11,000 dealers• 2,500 towns
International	<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

- 168 stores including 3 Zoya stores (3 added in Q1)
- 674k sft (35k sft added in Q1)
- 92 towns

GOLDPLUS
from TATA

- 33 stores
- 81k sft
- 33 towns

Eyewear & Precision Engineering



Eyewear

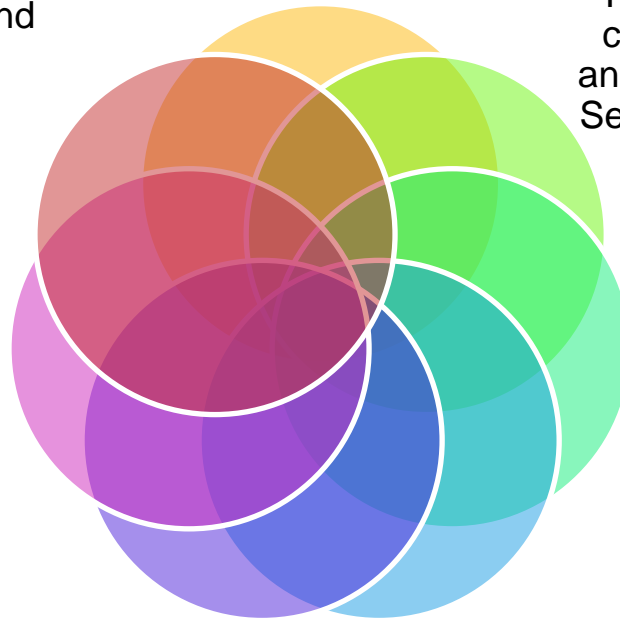


India's largest optical retail chain
- 300 retail outlets, 108 towns

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



Q1 Performance

Q1 Background



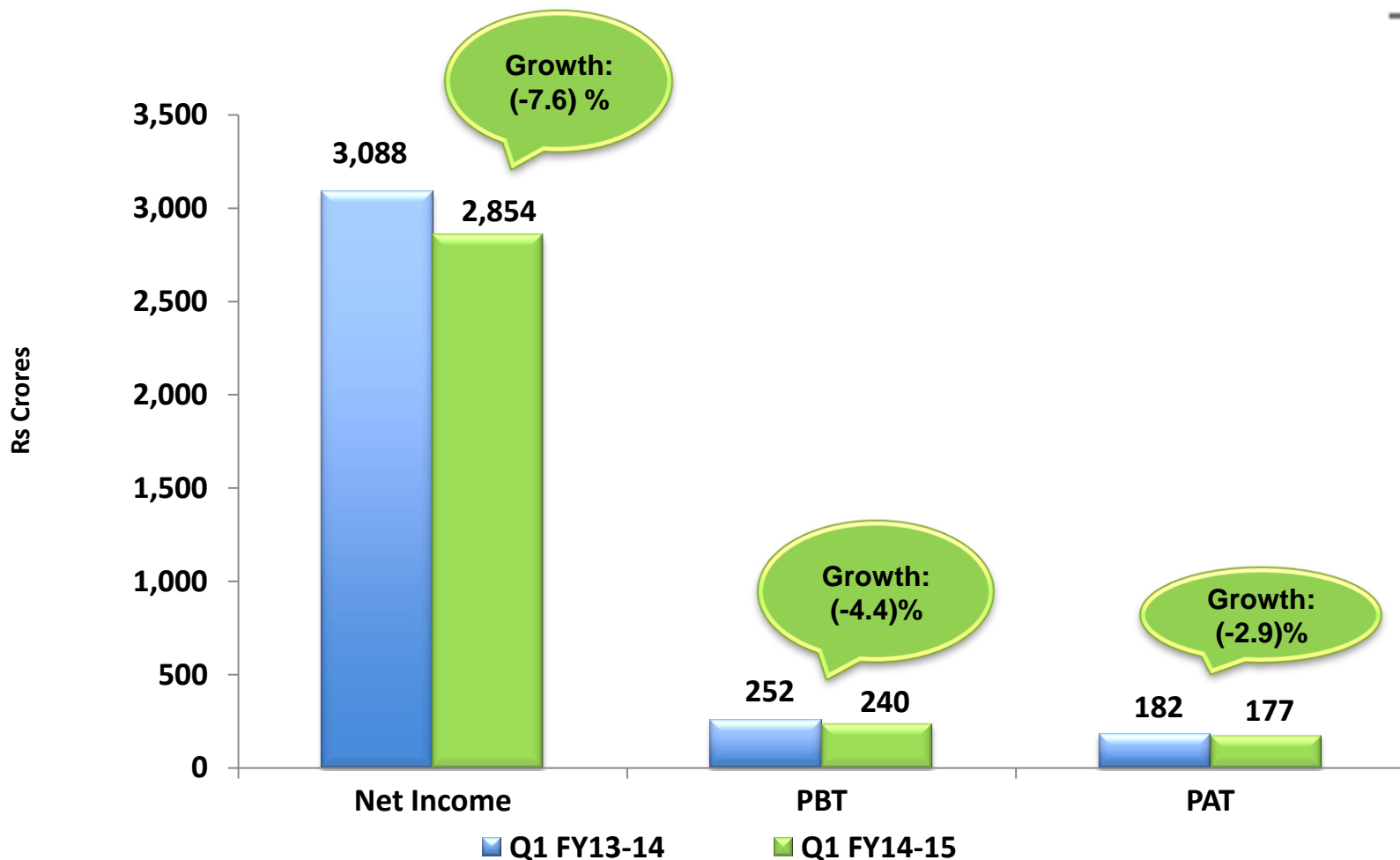
- Consumer demand relatively stable compared to previous quarters as evidenced by growth in Watches and studded jewellery sales
- RBI approves resumption of gold-on-lease facility
- Jewellery purchase schemes treated as deposits under the Companies Act, 2013. Discontinuation of Golden Harvest / Swarna Nidhi schemes
- No change in 80:20 rule for gold imports and customs duty on gold
- Focus on retail network expansion continues – 22 stores (36k sft) added during the quarter across divisions
- Sonata's Ocean series continues to do very well – Ocean Series III launched
- Tanishq launches Zyra, a collection of stylish and value for money diamond jewellery
- Titan Eye Plus continues to grow strongly – buyer growth of 20%

Q1 - Retail growth



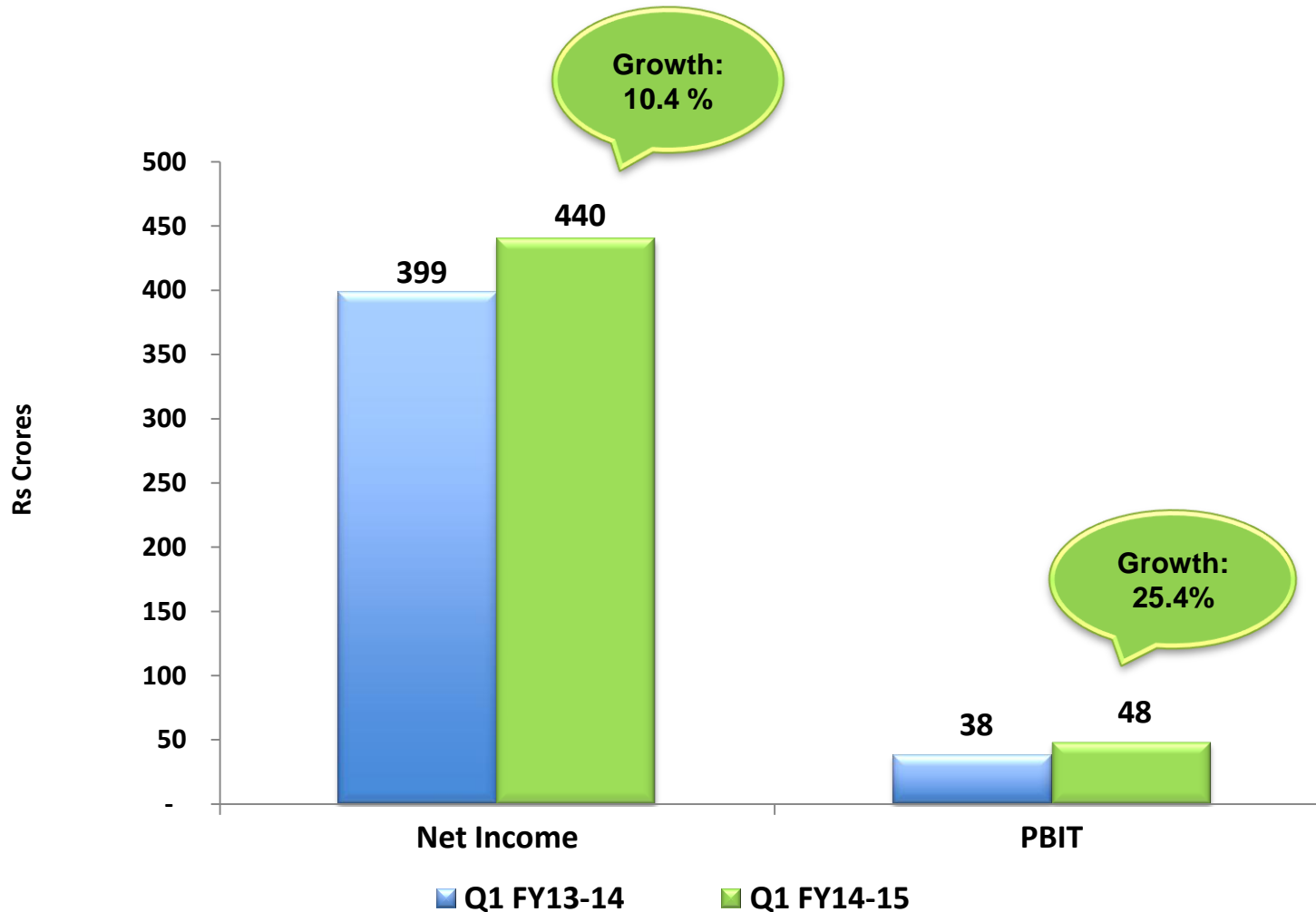
	Sales value growth	Like to like growth
World of Titan	8%	2%
Tanishq	-8%	-13%
Goldplus	-21%	-24%
Helios	23%	20%
Fastrack	16%	9%
LFS	2%	5%
Titan Eye+	28%	13%

Company performance



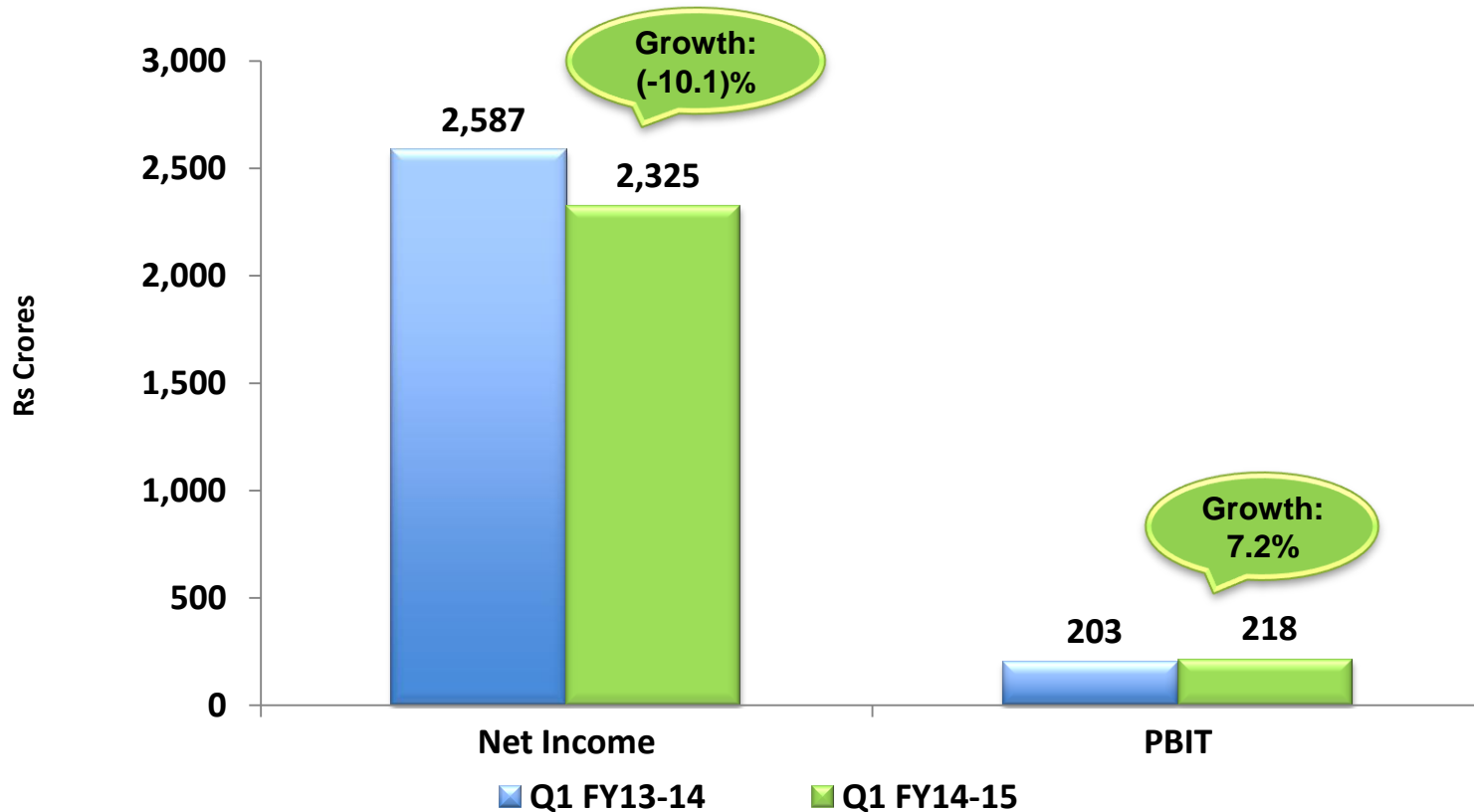
- Sales growth negative due to base effect - same quarter last year witnessed the “gold rush”
- PBIT margin increased from 8.7% to 9.7% due to higher studded ratio / cost optimisation
- PBT margin increased from 8.1% to 8.4% despite higher interest cost

Watches



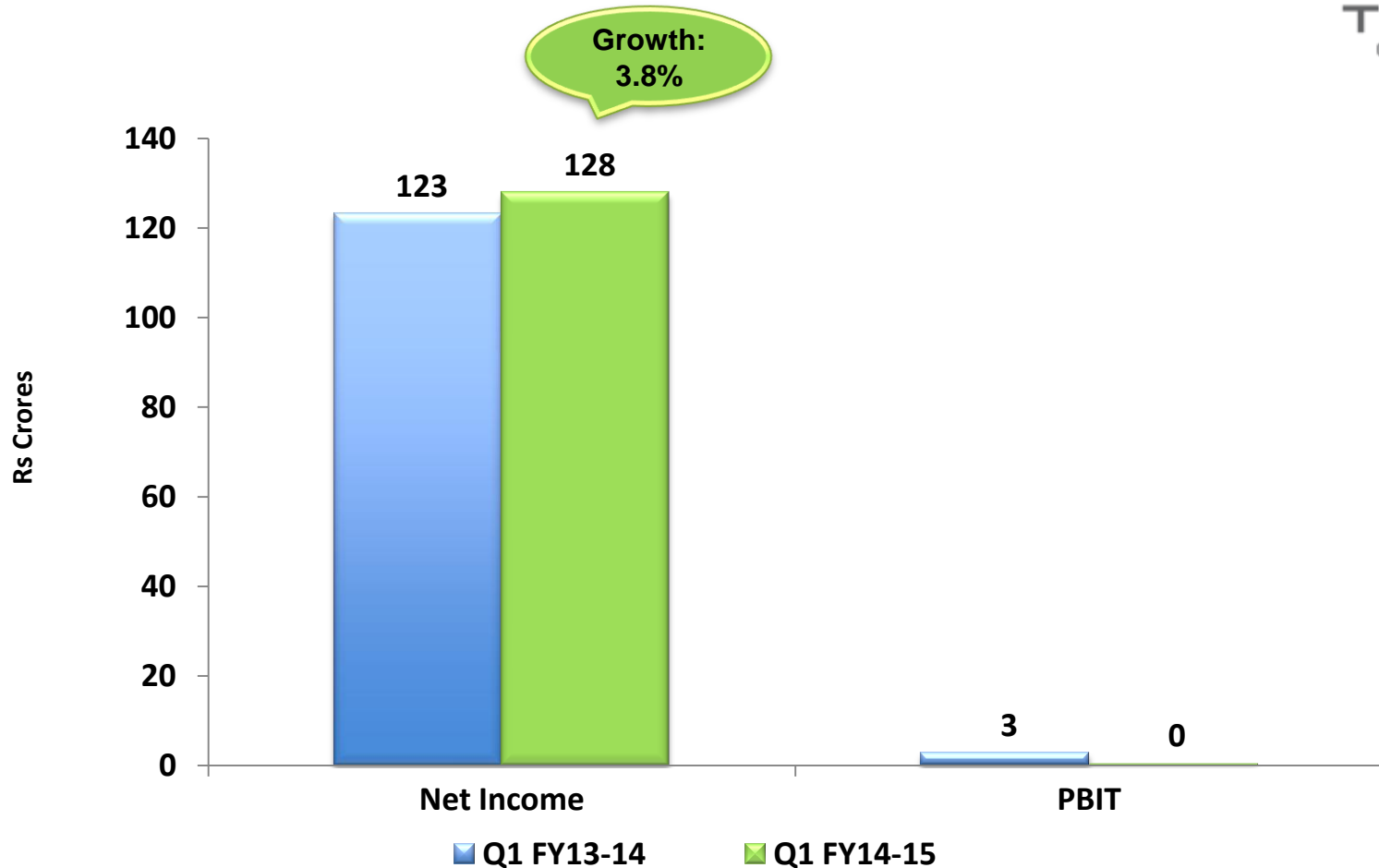
- Consumer sentiment improves as witnessed by footfall increase
- Volume growth: 9%
- PBIT margin improves from 9.6% to 11.0% - effect of focus on cost optimisation

Jewellery



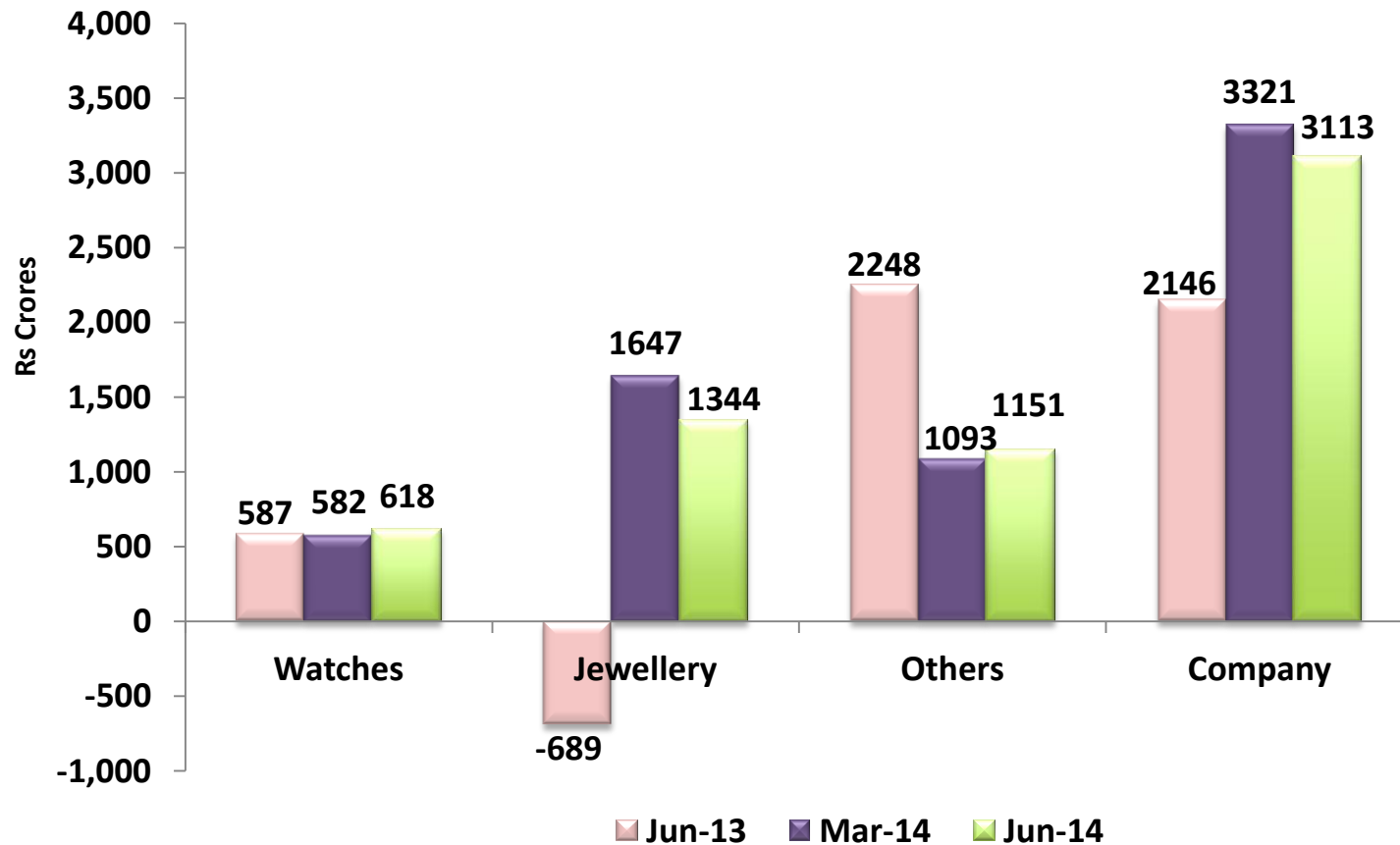
- High base (Q1 FY13-14 recorded a 47% growth due to the “gold rush”)
- Sales growth excluding coins: (-4)%; Customer growth: (-16)%; Grammage growth: (-24)%
- Share of studded jewellery: 25% (previous year: 17%); studded revenue growth: 30%
- EBIT as per management review numbers is Rs 241 cr (Rs 239 cr last year) - difference from published figures due to reclassification of interest income to “Others” segment from Q4 FY 2013-14

Others Segment



- Eyewear revenue growth at 25%, even without promotion this year
- PED revenue declined due to deferment of billing to next quarter
- Profits lower due to investment in accessories including fragrances

Capital Employed

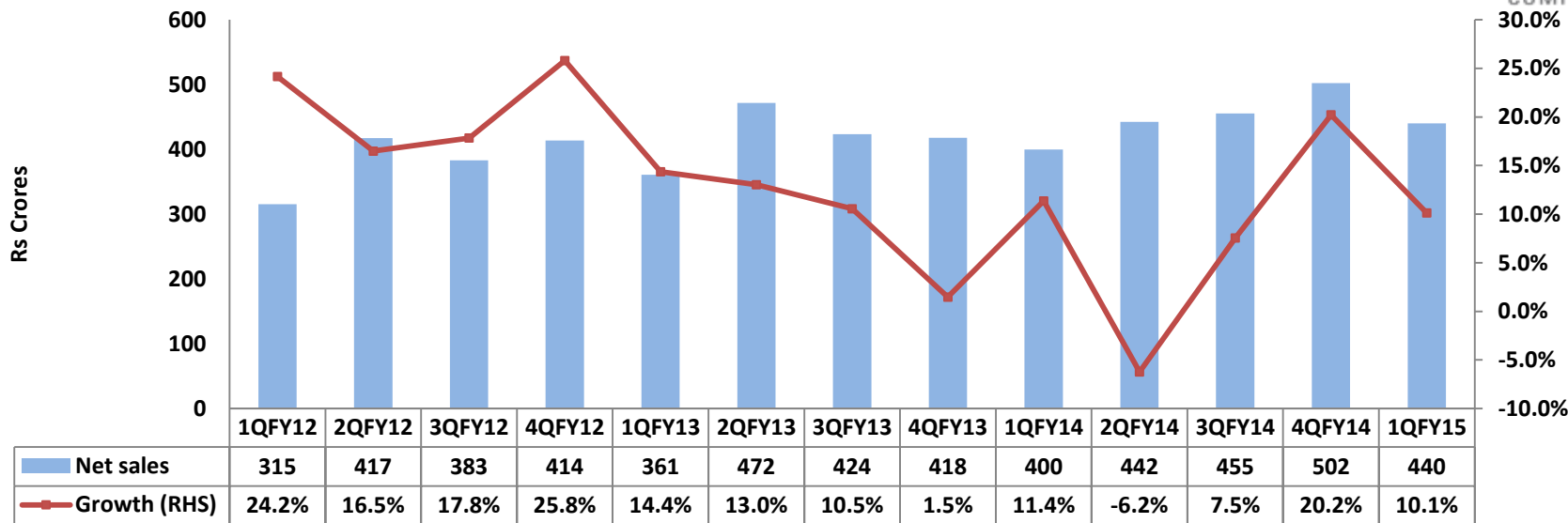


- As per management review numbers, capital employed for Jewellery was Rs 2,358 cr in June'14, Rs 2,301 cr in Mar'14, Rs 1,199 cr in June'13 - difference from published figures due to reclassification of cash to "Others" segment from Q4 FY 2013-14
- Increase in Capital Employed over previous year is mainly due to ban on gold-on-lease scheme

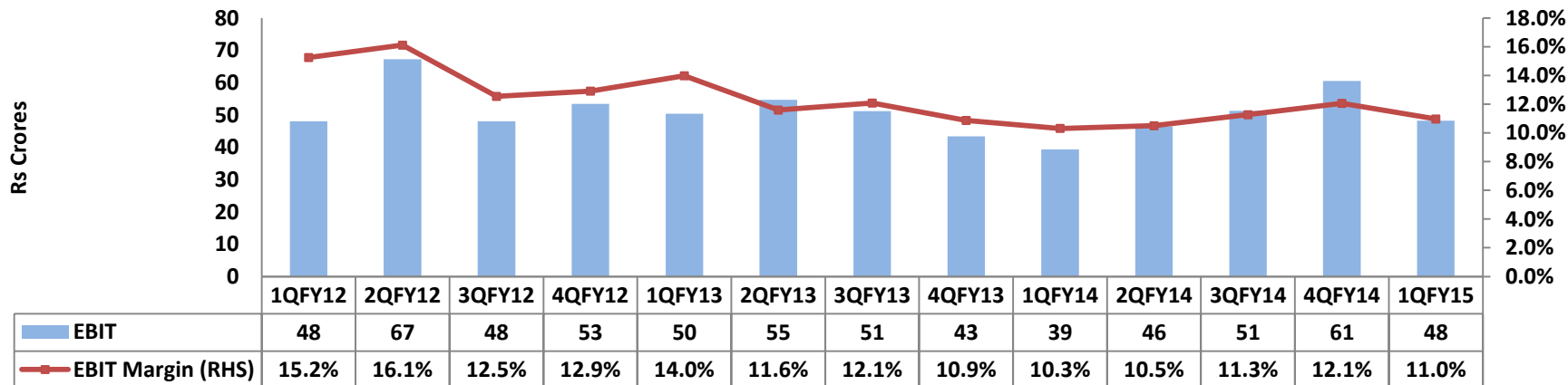
Performance Trends - Quarterly



Watches: Net Income



Watches: EBIT and Margin

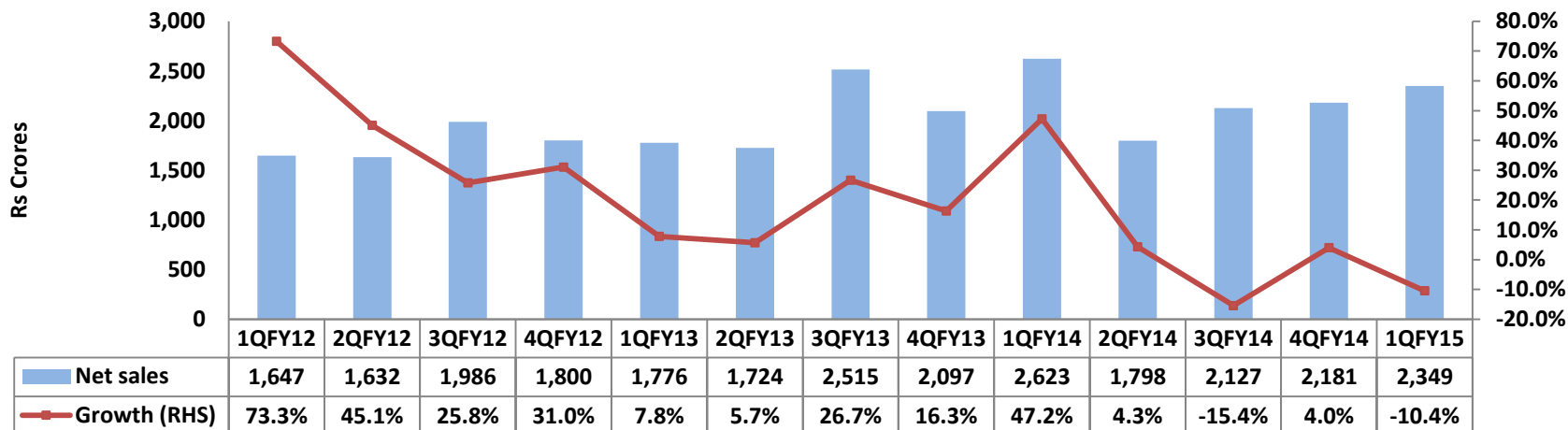


Note: EBIT as per management review numbers

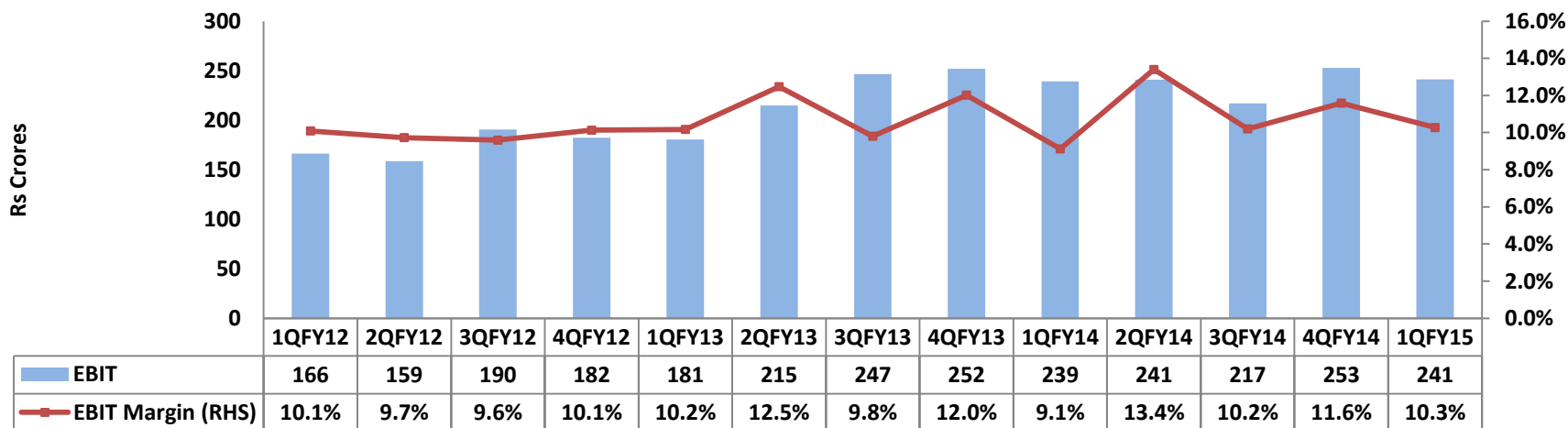
Performance Trends - Quarterly



Jewellery: Net Income



Jewellery: EBIT and Margin

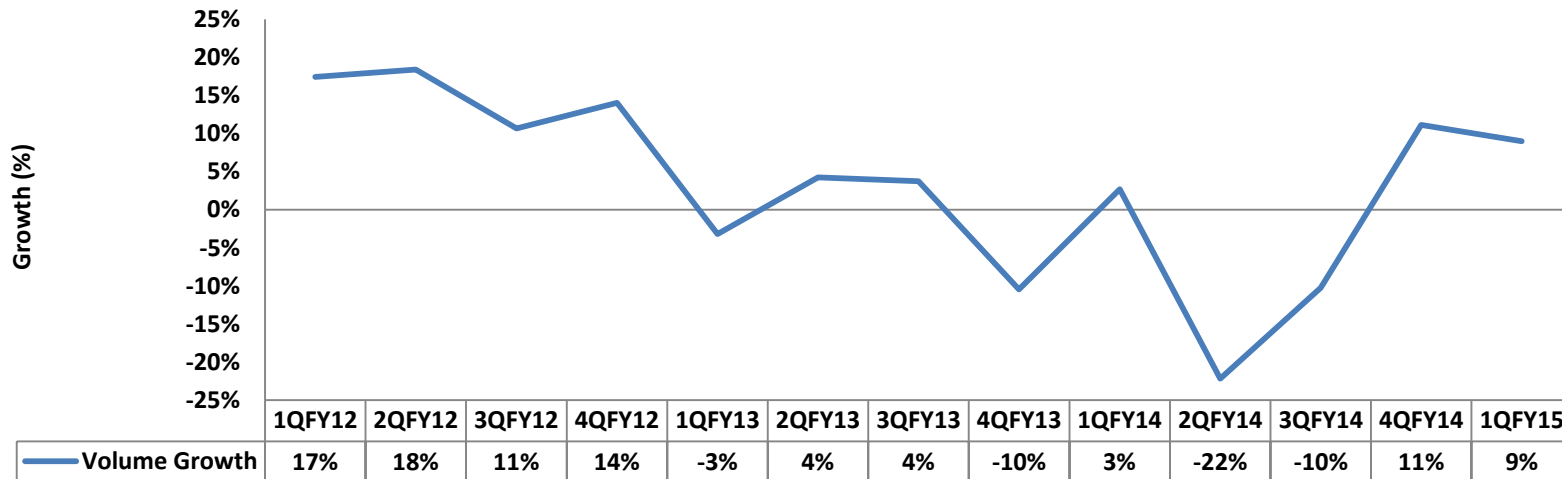


Note: EBIT as per management review numbers

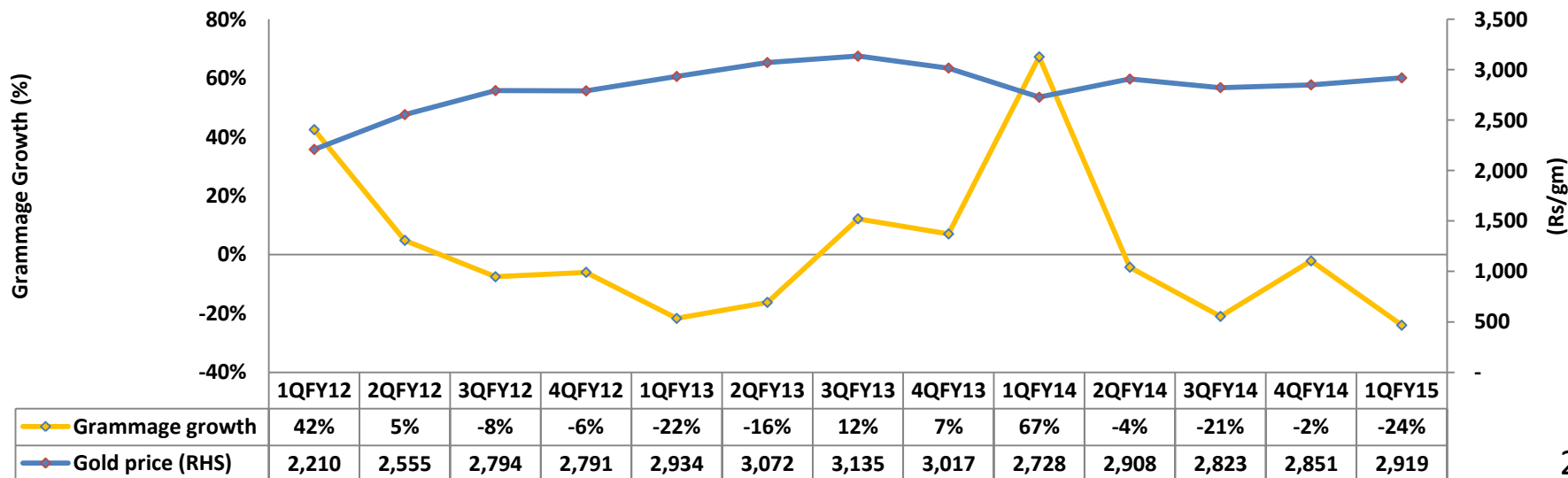
Performance Trends - Quarterly



Watches: Volume growth



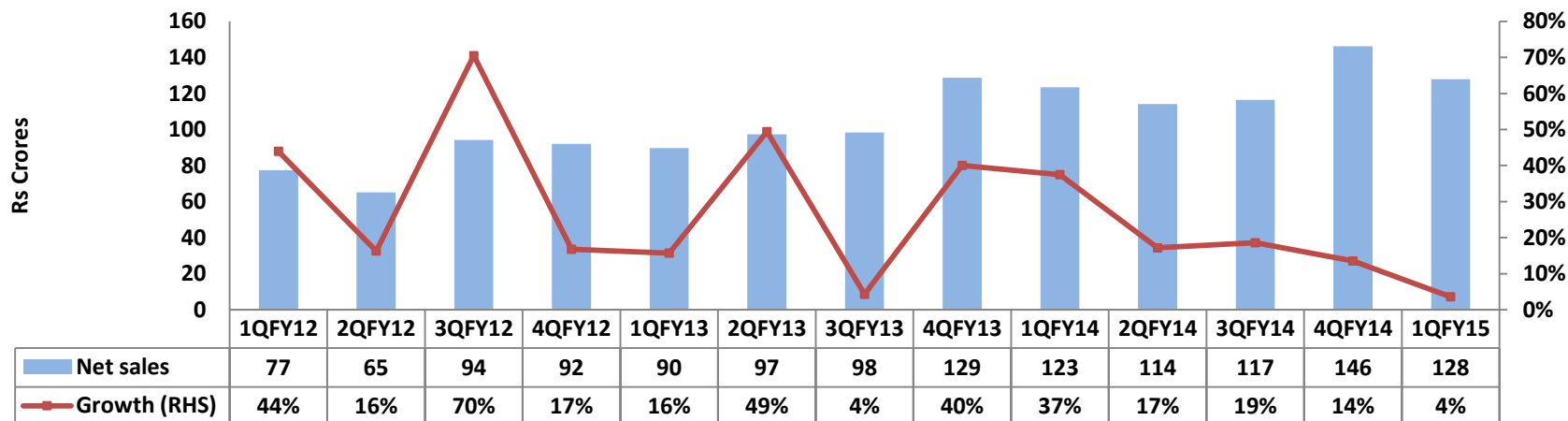
Jewellery: Gold price and Grammage growth



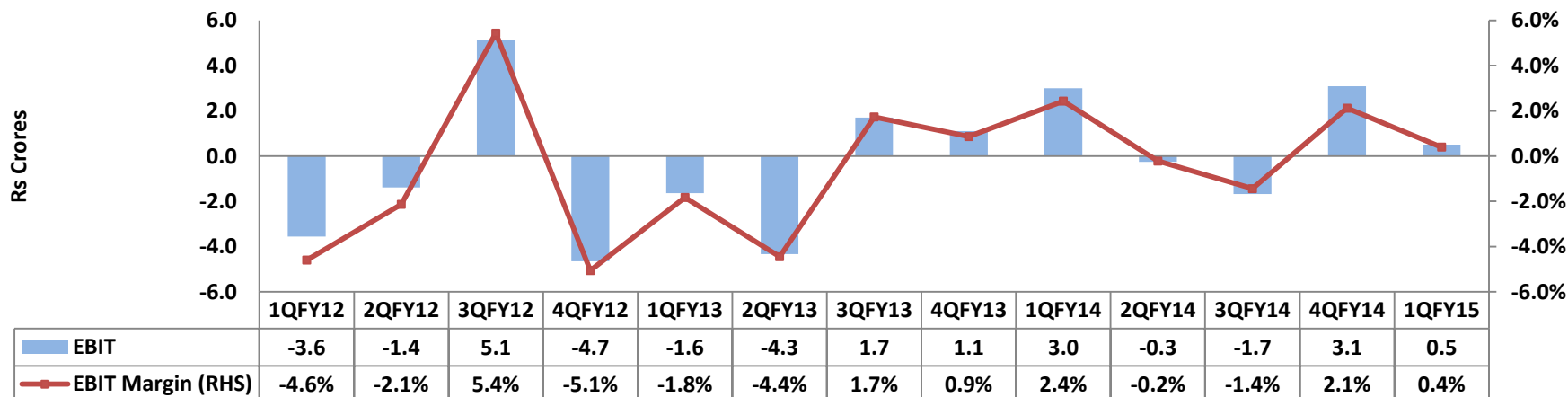
Performance Trends - Quarterly



Others: Net Income

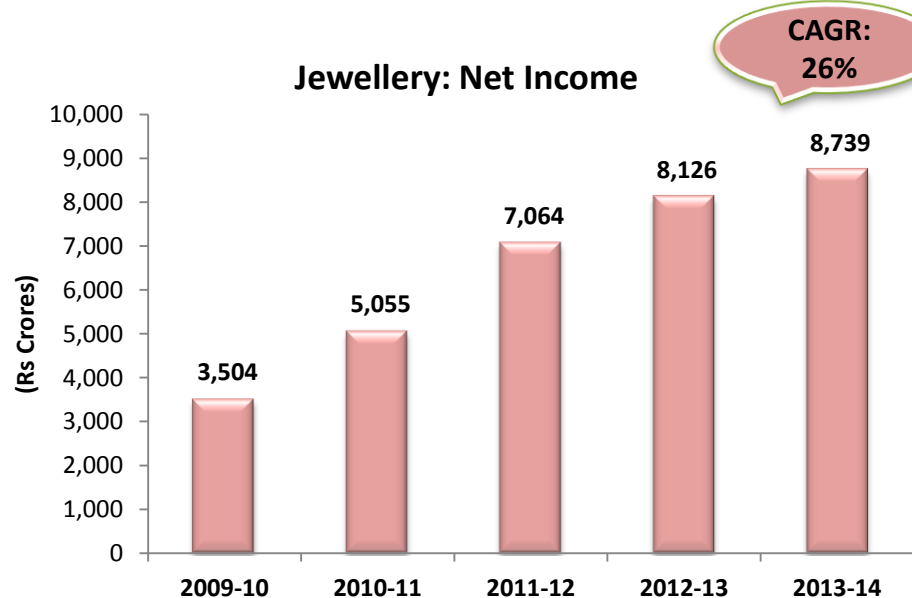
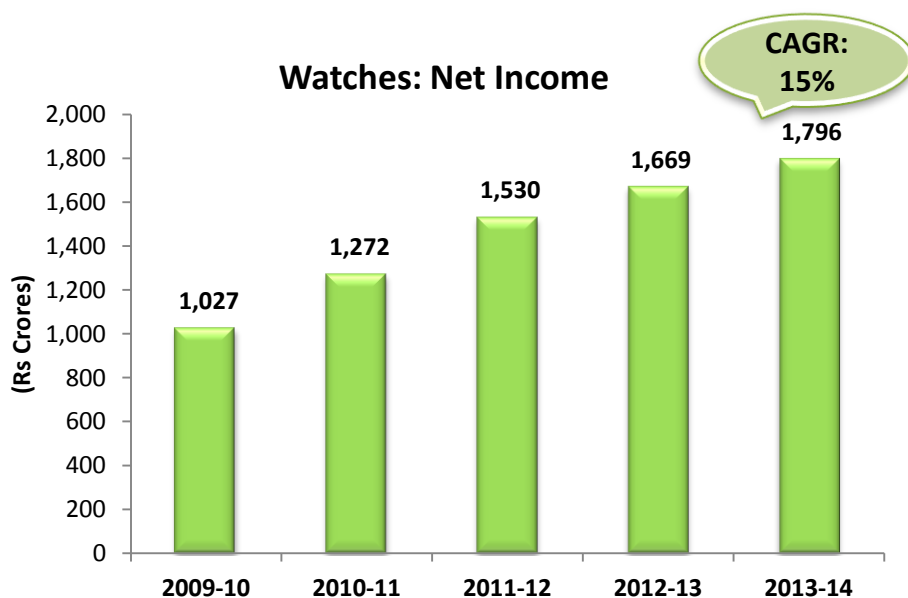
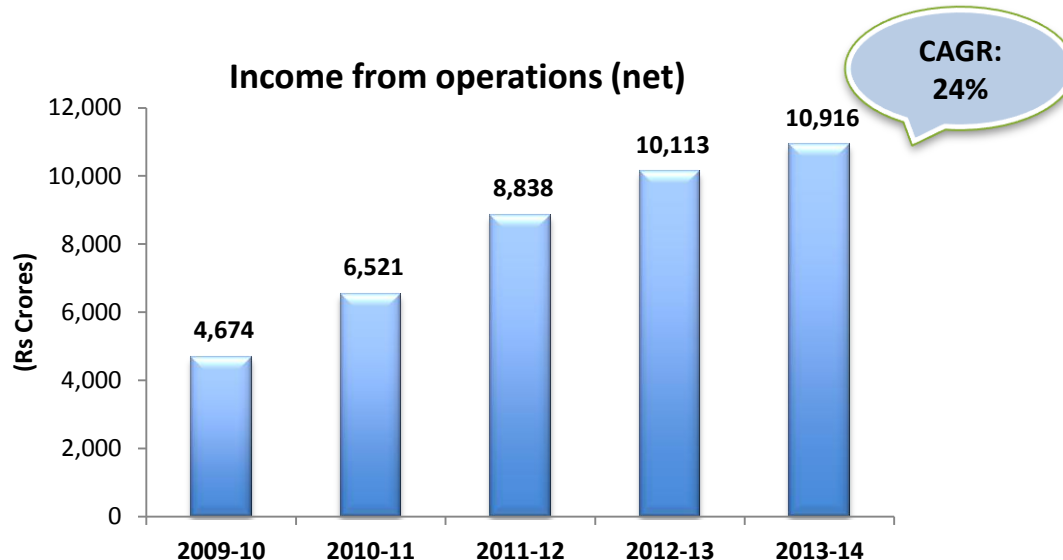


Others: EBIT and Margin



Note: EBIT as per management review numbers

Performance Trends - Annual



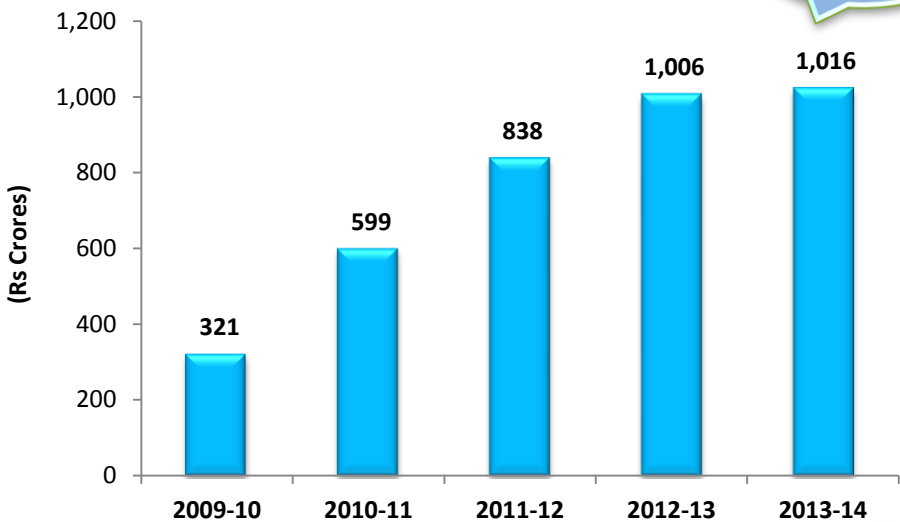
Note: Numbers as per management review

Performance Trends - Annual



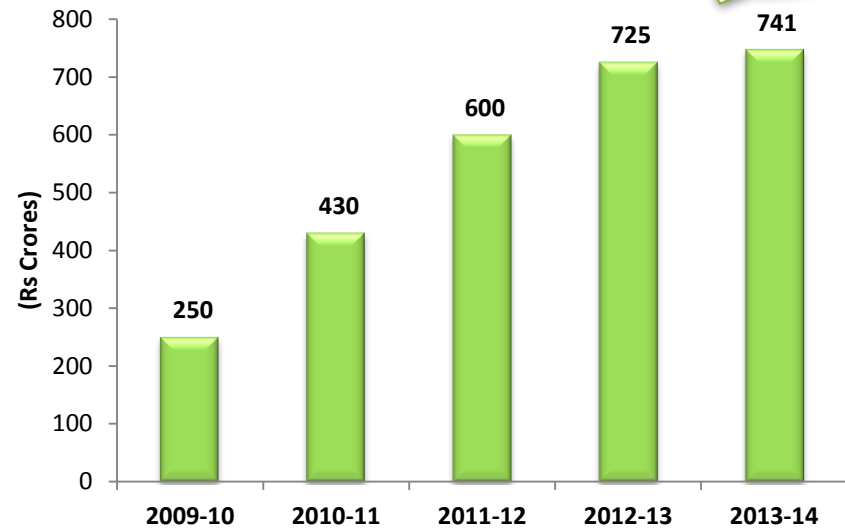
PBT

**CAGR:
33%**



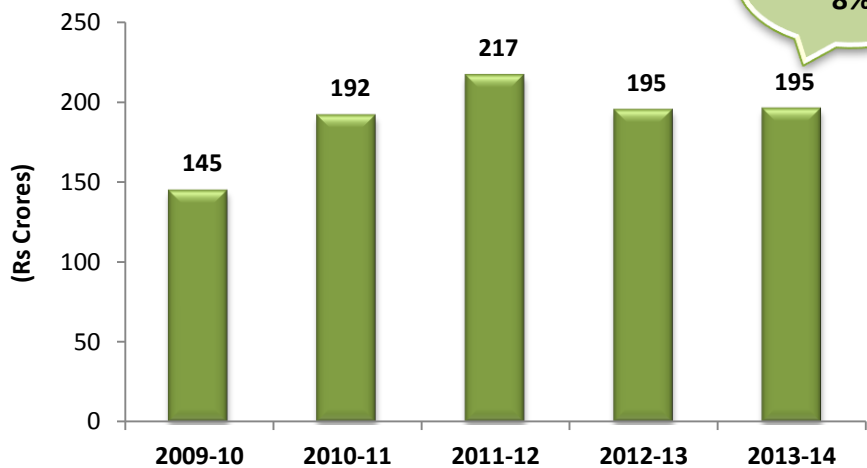
PAT

**CAGR:
31%**



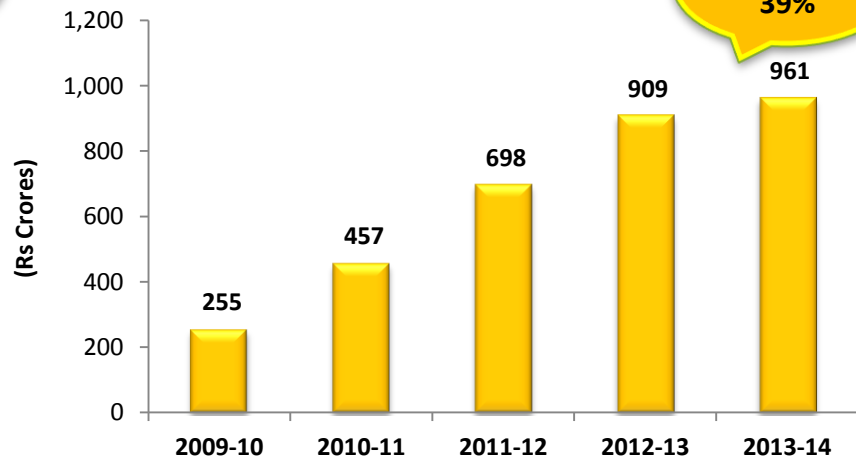
Watches: PBIT

**CAGR:
8%**



Jewellery: PBIT

**CAGR:
39%**

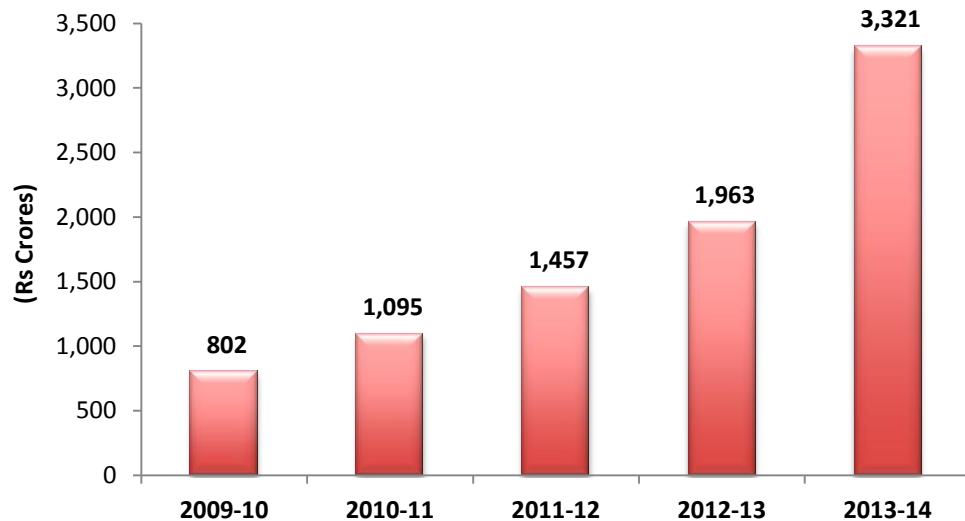


Note: Numbers as per management review

Performance Trends - Annual

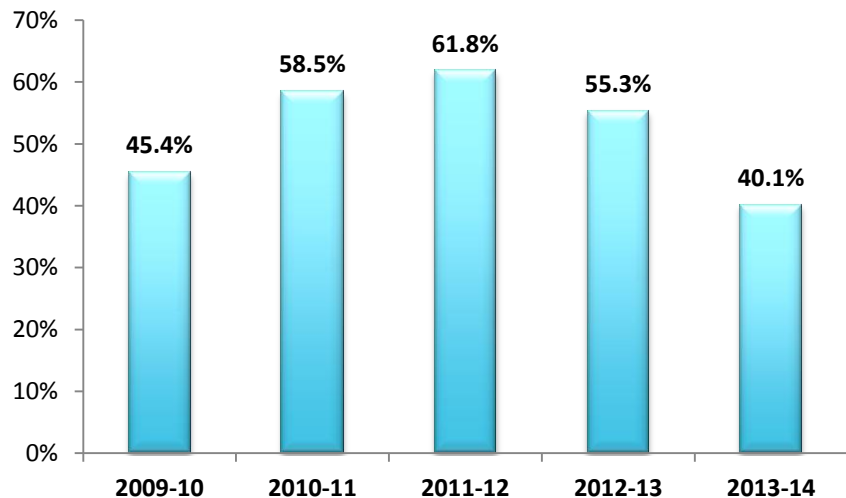


Capital Employed

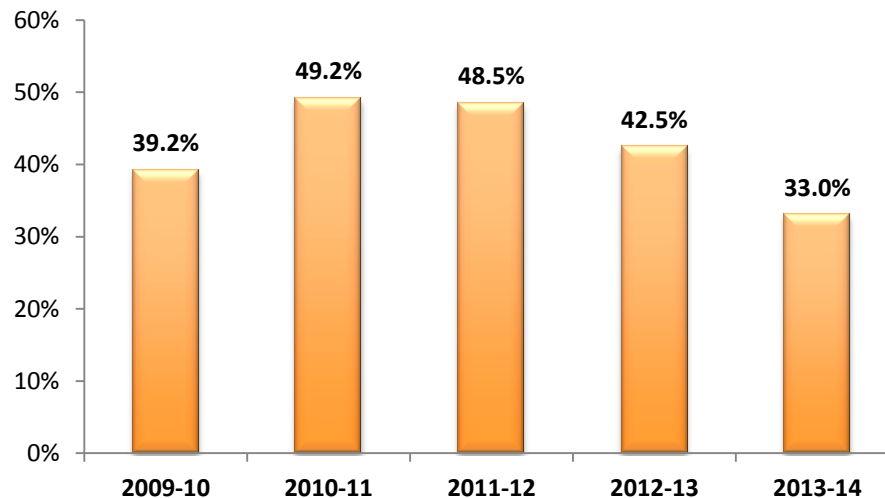


- Suspension of Gold on lease increases Capital Employed sharply
- Cash balance up by Rs 702 crores over the period

ROCE



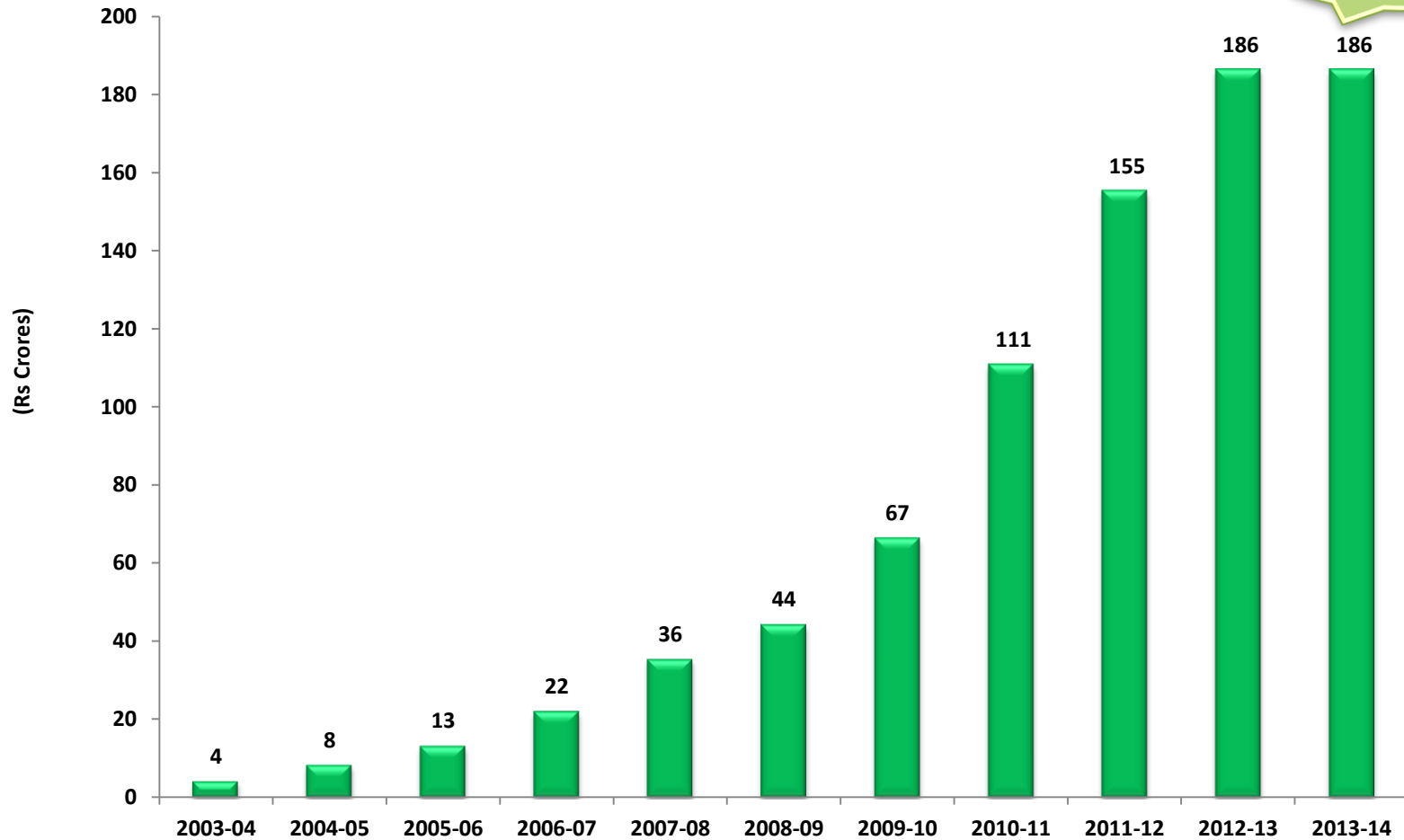
ROE



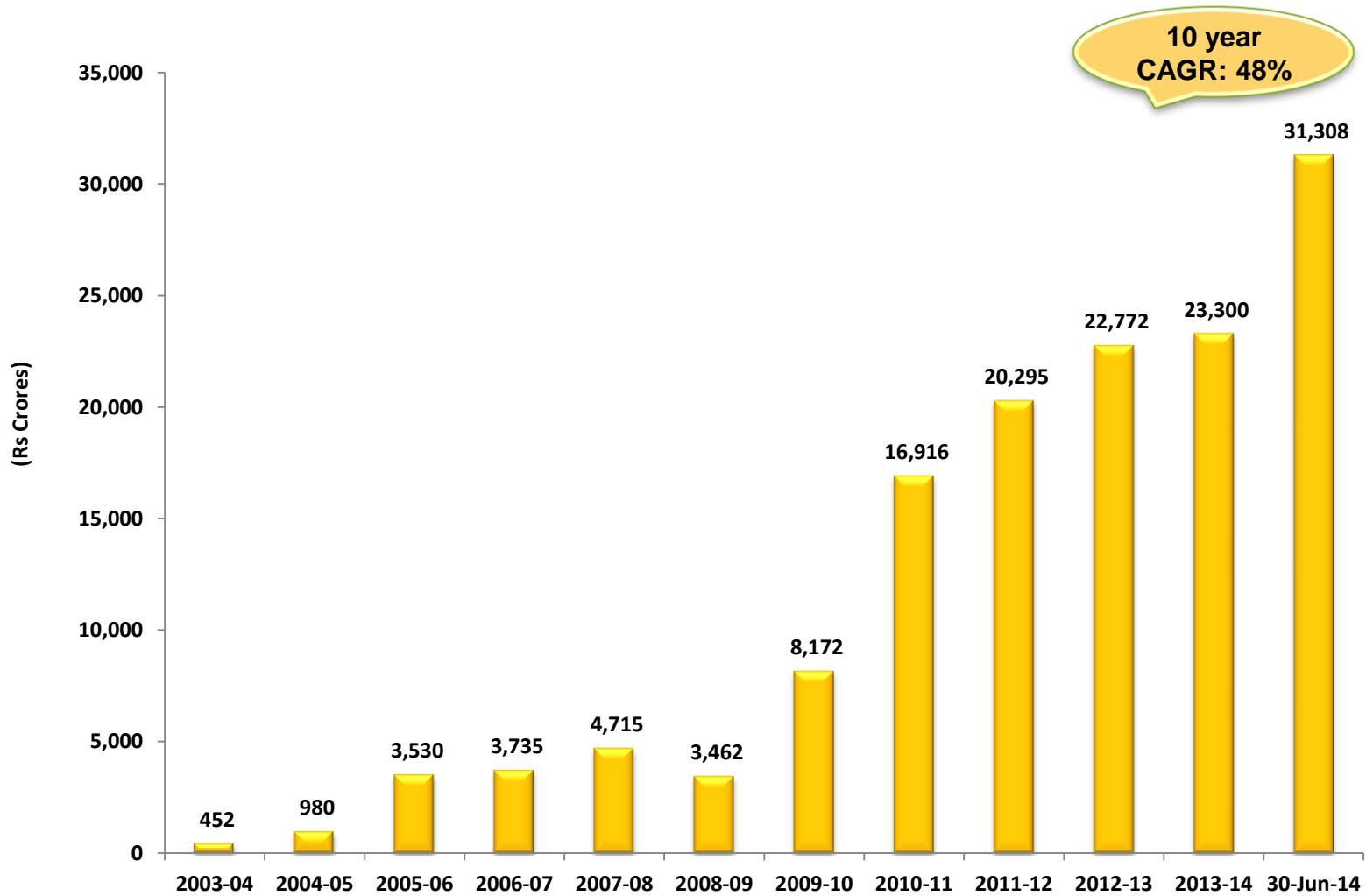
Dividend



**10 year
CAGR: 46%**



Market Capitalisation



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

Sustainability @TITAN



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.

- Focus areas
 - Education support / Girl Child
 - Employability skill building
 - Support Arts craft and culture
 - Create multiplier effect in the chosen geographies of TN, Karnataka and Uttarakhand

- Current initiatives
 - Supporting Girl Child Education: the Titan Kanya Program. Currently covers 12,000 children. Going forward, it will be an integrated program with multiple interventions through education , livelihood , skilling etc.
 - Employability: Support to ITIs, creation of Titan Skill institute, working with NSDC to create Titan Standards of excellence across industry segments
 - Eye care for the needy: Partnering with institutes of national repute – will touch 150,000 lives in the first year

Recent Recognition



Corporate

- Top Indian company award under the sector Gems and Jewellery at the Dun & Bradstreet Corporate Awards 2014.
- Knowledge Management Leadership Award” at the Global Management Congress
- Titan continues to be in *Forbes Asia's* FAB 50 companies list for 2013

Watches

- "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
- Sonata received recognition at the ABP Pitch Brands 50 Awards 2013

Jewellery

- Global Awards for Excellence in Quality Management & Leadership by World Quality Congress for Tanishq
- Innovation Excellence Platinum Award under Business Development Category by ASSOCHAM for Jewellery division
- 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

- 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