



# Titan Company Limited

*Delivering value by creating brands*

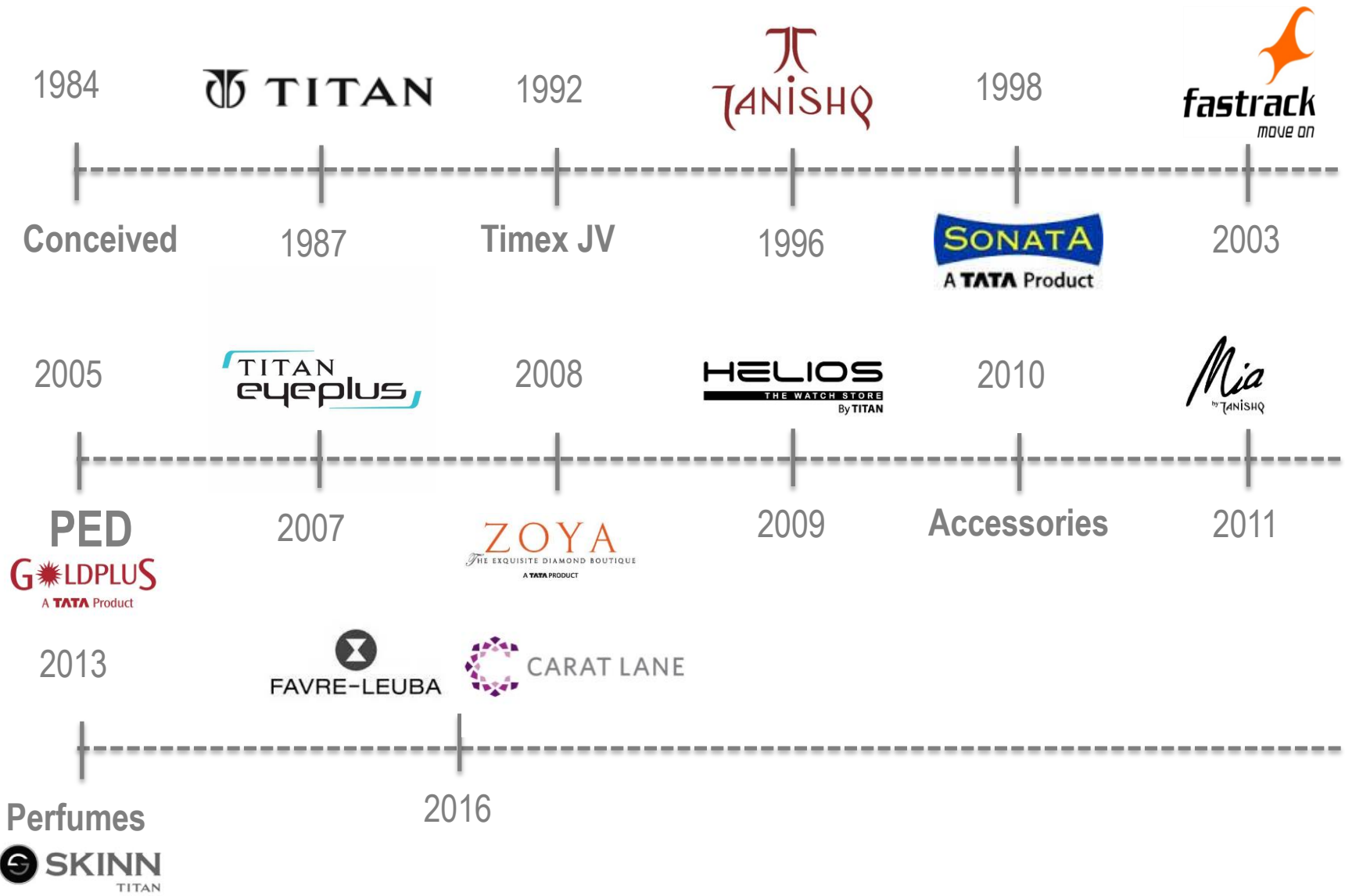
*August, 2017*

# 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

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**5<sup>th</sup>**

largest watch  
maker

**\$7.5 bn**

market cap

**~\$2 bn**

annual revenue

**4**

times in Forbes  
Asia Fab Fifty

**1397**

stores with 1.8 mn  
sft retail space

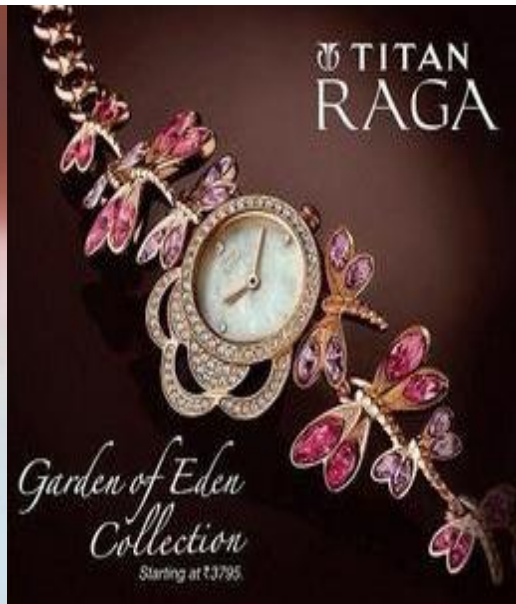
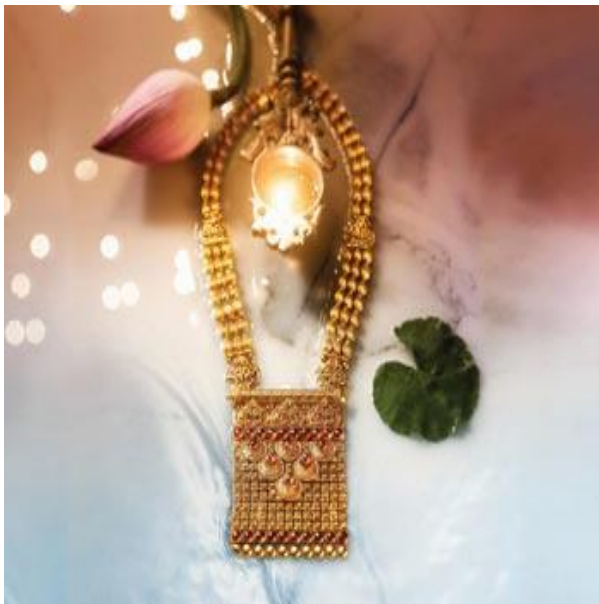
**7.5k+**

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

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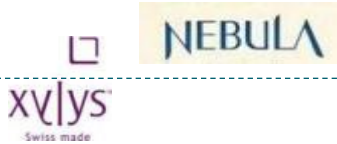


Luxury



ZOYA

Premium



TANISHQ

Mid Market



TITAN eyeplus



Mia



GLARES by TITAN



Mass Market



# Our EBO Network



ZOYA (2)

Luxury

Premium

**HELIOS** (53)  
THE WATCH STORE  
By TITAN

**π** (219)

**WORLD of TITAN** (482)  
THE EXCLUSIVE TITAN SHOWROOM

**TANISHQ**

**TITAN eyeplus**

Mid Market

(459)

Watch Care Centres (714)  
**fastrack** (160)

*Mia* (30)  
**CARAT LANE** (20)

Mass Market

**GOLDPLUS** (20)  
A TATA Product

1397 Exclusive Stores

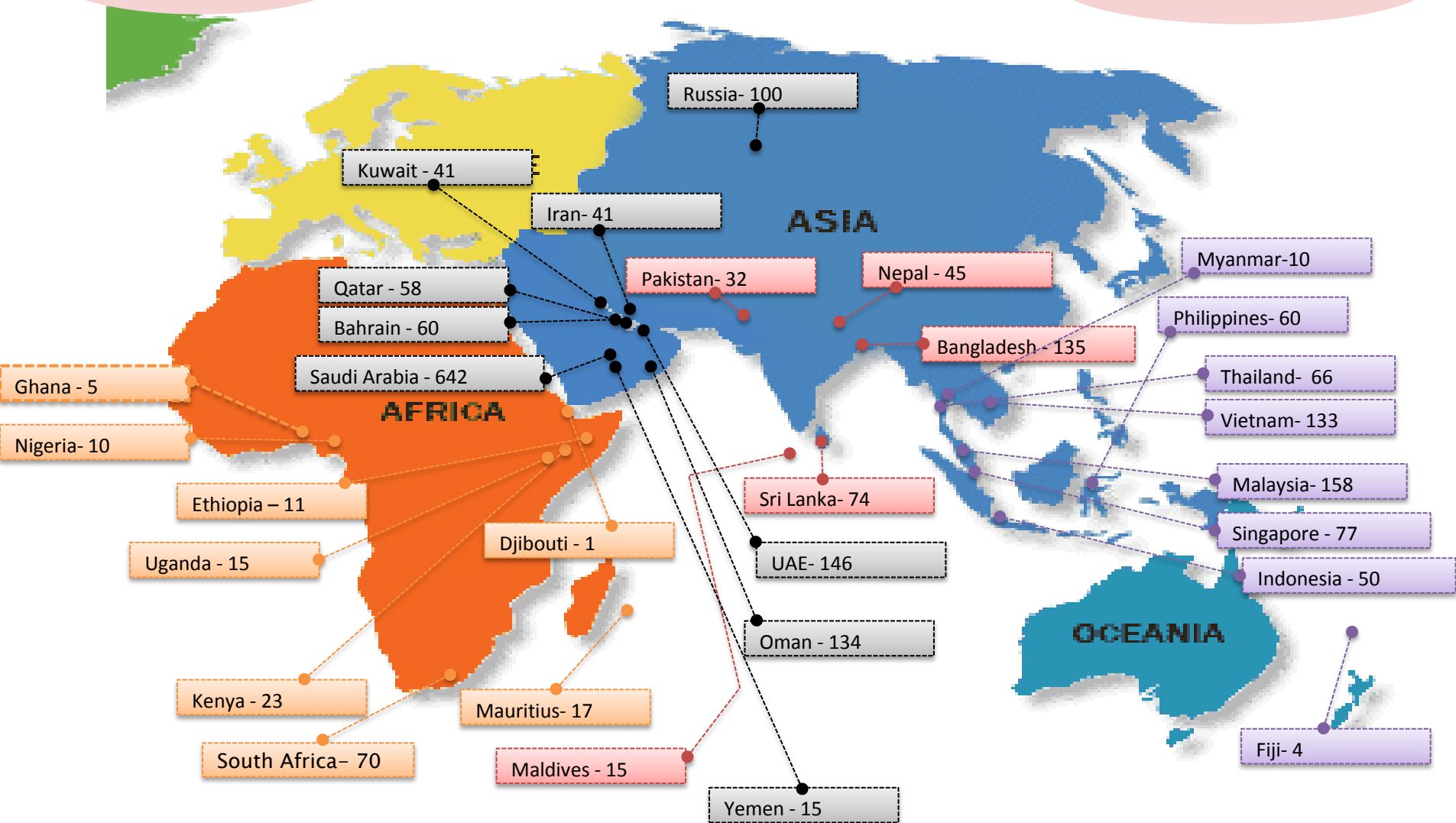
266 Towns

Over 1.8 mn sq ft of retail space

# International Presence

32 Countries

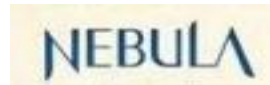
2,264 Outlets





# 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 32 countries

## Customer Service

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Largest network of exclusive service centers

714 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



**Titan Juxt: Pro**  
Smarter. By far.



**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



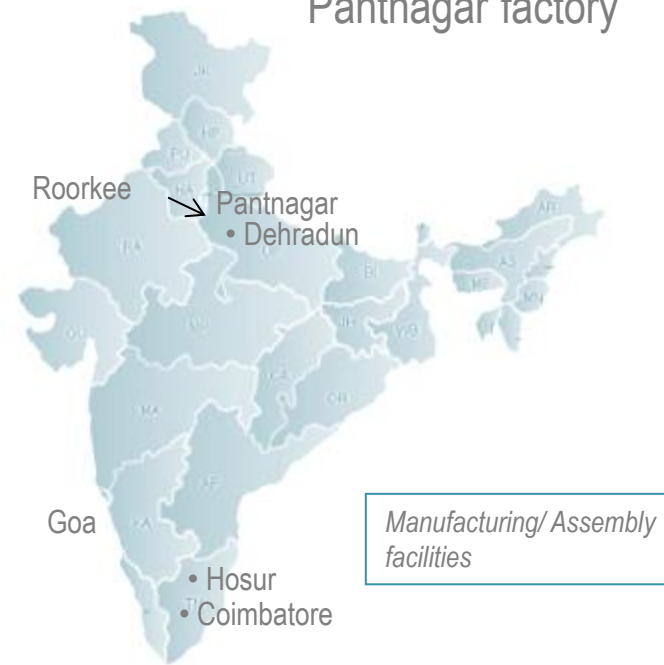
Watch factory, Hosur



Pantnagar factory



Watch Assembly





## WORLD OF TITAN

482 showrooms (Net 8 additions YTD)

220 towns – 420k sft



## FASTRACK STORES

161 showrooms (Net 6 additions YTD)

84 towns – 92k sft



## HELIOS STORES

54 showrooms (Net 5 additions YTD)

28 towns – 54k sft



SQUADRON  
— by —

**Octane**  
TITAN

**FEEL THE  
SUPERSONIC SPEED**



xvlys  
SWISS MADE





# Jewellery

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Mia



CARAT LANE

ZOYA



## 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

  
**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. Affixed 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 400 00 02 (HYD) FOR FURTHER DETAILS.  
[www.zoyajewellery.com](http://www.zoyajewellery.com)

# Jewellery

## Karigar Center, Hosur





## Tanishq Stores

221 showrooms (Including 2 Zoya stores)

Net 11 Tanishq stores added YTD, including 9 erstwhile Gold Plus stores (62k sft added YTD)

132 towns – 900k sft



## Gold Plus Stores

20 showrooms (Net 9 conversions YTD)

20 towns – 49k sft



## Mia Stores

30 stores across 9 cities (~7.3k sq ft)



## Carat Lane Stores

20 showrooms across 9 towns (~14k sq ft)



π  
TANISHQ  
*Mirayah*  
DESIGNS IN COLOURED STONES STARTING AT ₹50,000



*Celebrate with  
Colours.*





**T**  
**TANISHQ**  
A TATA PRODUCT

*Red Carpet*  
COLLECTION

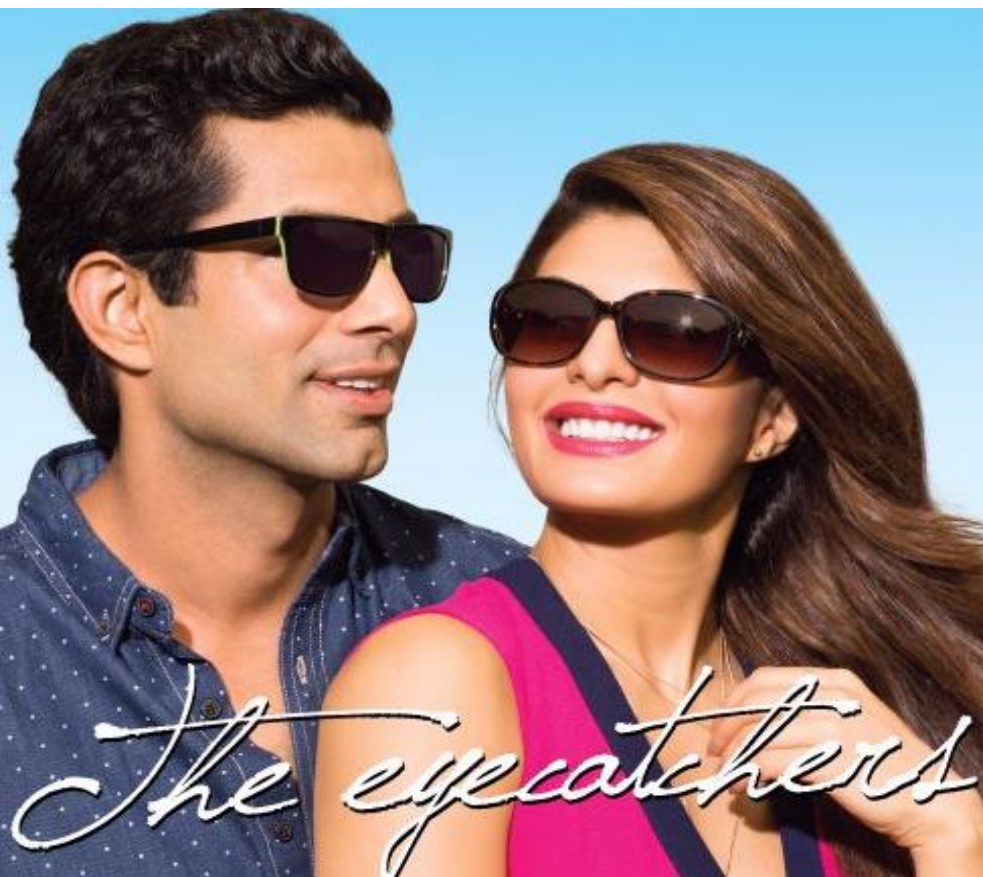
ONE OF A KIND. JUST LIKE YOU.

LIMITED EDITION. AVAILABLE AT SELECT STORES.

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





## Titan Eye Plus Stores

457 showrooms (Net 9 additions YTD)

198 towns – 301k 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

## *Q1 Performance*

## Q1 Background

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- The Company maintained its performance run rate in Q1 FY 17-18, achieving 42% growth in revenue and 43% growth in profit before tax largely due to the performance of the jewellery division.
- All retail formats of the Company recorded good overall and same store growth
- Migration to GST has been smooth. Significant time invested in educating both vendors and business associates at the front end.
- The effective tax rate (after considering input tax credits and expected refund of portion of CGST in excise exempt locations) is higher for watches and sunglasses.
- For most categories there was negligible impact of down-stocking in June as the Company assured its channel partners and franchisees of compensation towards losses on stocks due to changes in rate. Due to the rate jump in sunglasses, this was the only category in the Company which experienced significant amount of down stocking.
- The Company added 31 stores with a retail space of 31k sq feet in Q1 FY 17-18
- Business associate meets were held in the Watches and Jewellery divisions with a spend of Rs 19 cr. There was no corresponding spend in the previous year.
- Traction in the pilot in the sarees category, through our new brand Taneira, has been very encouraging.
- Response to Favre Leuba launch in Basel fair was very positive.
- Growth in top line in Caratlane has been excellent in the quarter.
- TEAL (ex Precision Engineering Division) had lower sales compared to the previous year as the MBA division billed a lot of orders of Q4 FY 2015-16 in the first quarter of FY 2016-17. Significant catch up in revenues expected from Q2.

# Q1 Background

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## Jewellery

- With 55% retail growth and 51% same store growth, Q1 FY 18 recorded a great sales performance by the jewellery division
- Gold tonnage increased by 49% for the quarter and the division was also able to improve its effective realization (AMC + making charges) on gold jewellery sales marginally
- The exceptional growth in the quarter was aided by very successful Akshaya Tritiya ( 50% growth over previous years Akshaya Tritiya period ), successful gold exchange program as well as an element of advancement of sales on account of GST introduction estimated at around Rs 250 cr.
- The division also had a favorable base this quarter as the strike by jewellery federations protesting against the imposition of excise had extended into first 15-20 days of April 2016 and though our stores were open during that period, sales were quite low.
- The division launched the “Mirayah” collection of diamond and color stone studded jewellery and Red Carpet Collection of High Value studded jewellery
- The division closed 9 Gold Plus stores and all of them were reopened as Tanishq stores. Additionally, Tanishq added 2 new stores adding up to 10.5k sft in Q1 FY 17-18
- The division had its Business Associate Meet this quarter and the spend on the same was Rs.8 Cr



# Q1 Background

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## Watches

- Watches division grew only by 2% on top line due to rescheduling of the Titan and Fastrack activation (Base quarter had activations). The activations were postponed due to uncertainties around GST rate and its impact on business
- Domestic watches sales have grown well for Q1 with 9% volume growth and the services business recorded very healthy growth.
- Exports remain a concern due to the situation in the Middle East and declined substantially, muting overall growth for the quarter.
- The Fastrack Reflex band has been hugely successful and so has the Edge Ceramic.
- The division launched Squadron by Octane collection of limited edition watches inspired by fighter jets and the first automatic Xylys with high precision time keeping and high power reserve.
- The division had its Business Associate Meet in the quarter and the spend on the same was Rs.11 Cr.

## Eye Wear

- Prescription eye wear business recorded healthy growth despite a limited activation compared to base period
- Performance improvement in PEW business is on account of efforts around merchandising refreshment, contemporary products and instore promotional activities
- 3 satellite lens labs are fully operational, improving the turn around time and consequently customer satisfaction
- The GST related decline in Sunglasses business pulled down the overall revenue growth of the eye wear business

# Q1 FY 17-18 Retail Growth

	<u>Sales value growth</u>	<u>Like to like growth</u>
<b>World of Titan</b>	9%	6%
<b>Tanishq</b>	55%	51%
<b>Helios</b>	40%	24%
<b>Fastrack</b>	-3%	-3%
<b>LFS</b>	20%	8%
<b>Titan Eye+</b>	10%	3%

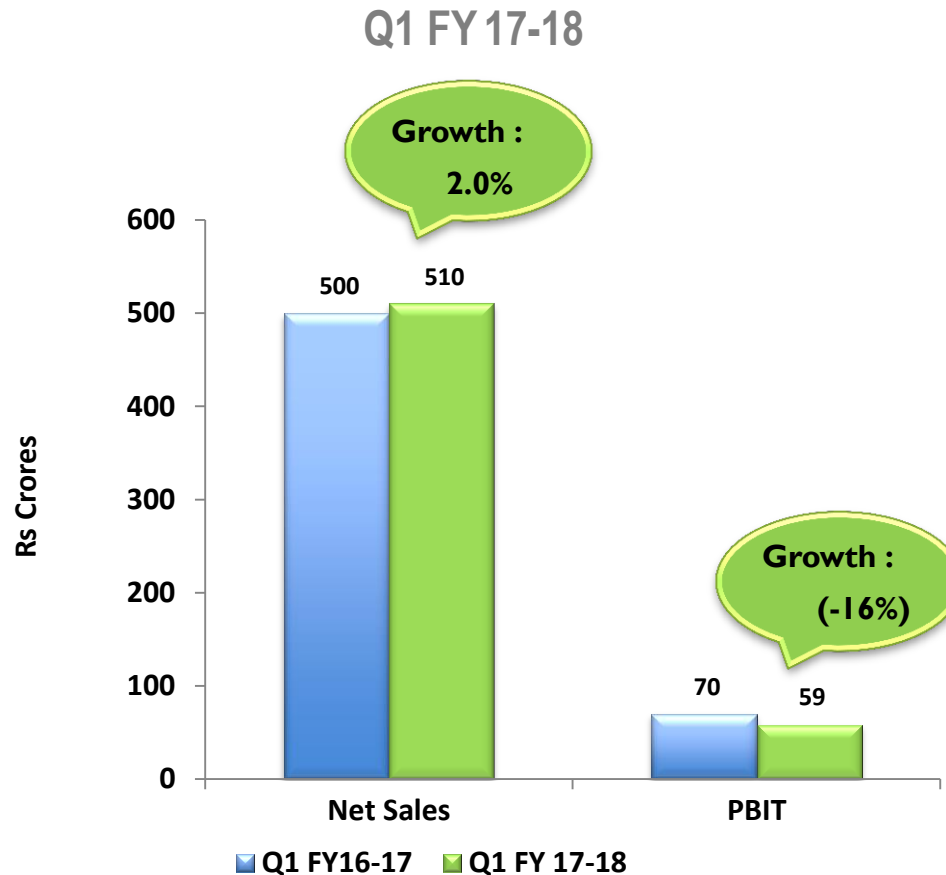


# Company Performance Q1 FY 17-18- Standalone



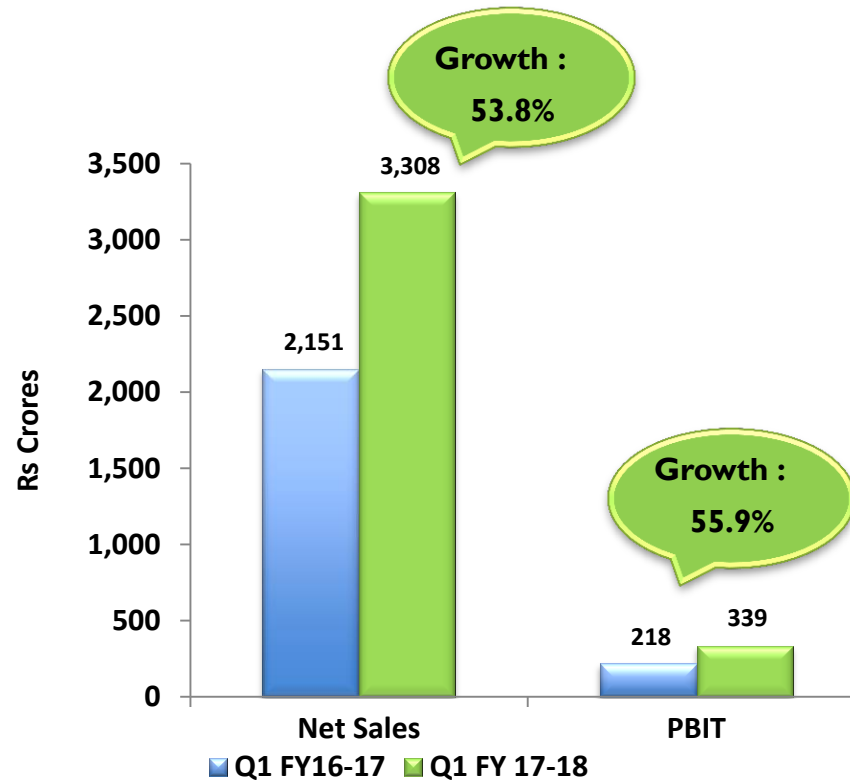
- Stand alone financials exclude PED, which has been demerged
- PBT indicated above is before VRS impact for the company of Rs.10 cr for Q1 FY 17-18 and Rs.91 cr for Q1 FY 16-17.

# Watches



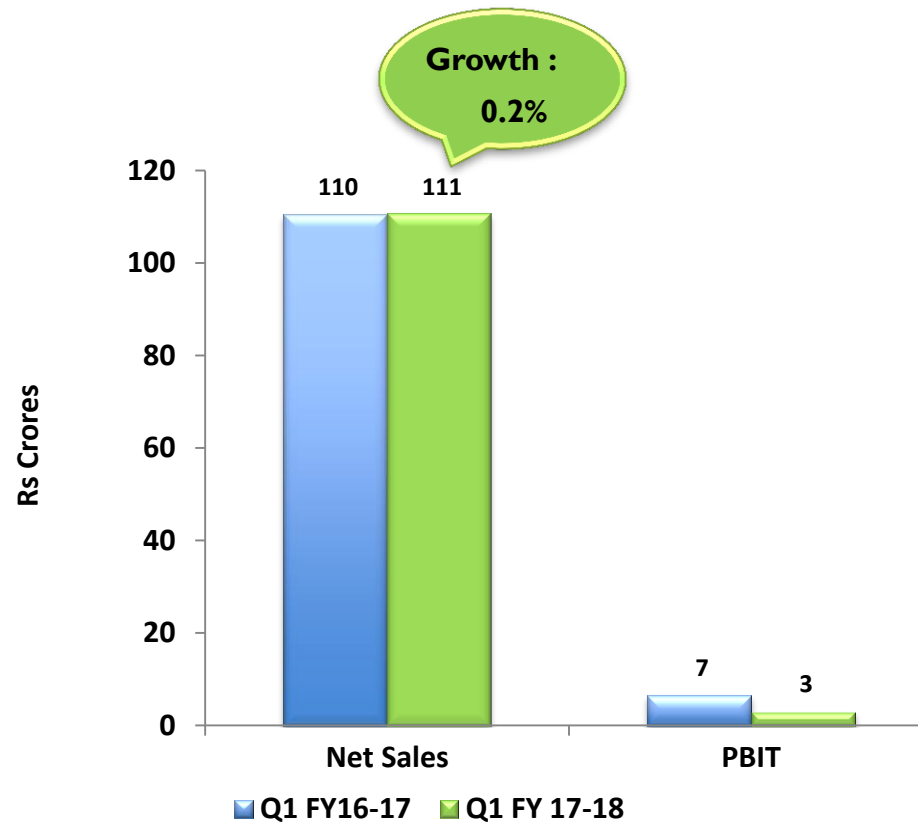
- Revenue grew only by 2% due to rescheduling of the Titan and Fastrack activation and poor performance on the export front. Domestic volume growth was 9%.
- The division had its Business Associate Meet in the quarter and spends on the same were Rs.11 cr.
- PBIT above is before VRS impact for the division of Rs.10 cr for Q1 FY 17-18 and Rs.61 cr for Q1 FY 16-17.

## Q1 FY 17-18



- Grammage grew by 49% for Q1 FY 17-18
- The studded ratio was 23.4% for the year as compared to 23.8% for PY
- The division had its Business Associate Meet in the quarter and spends on the same were Rs.8 Cr.
- PBIT above is before VRS impact for the division of Rs.0.35 cr for Q1 FY 17-18 and Rs. 14 cr for Q1 FY 16-17.

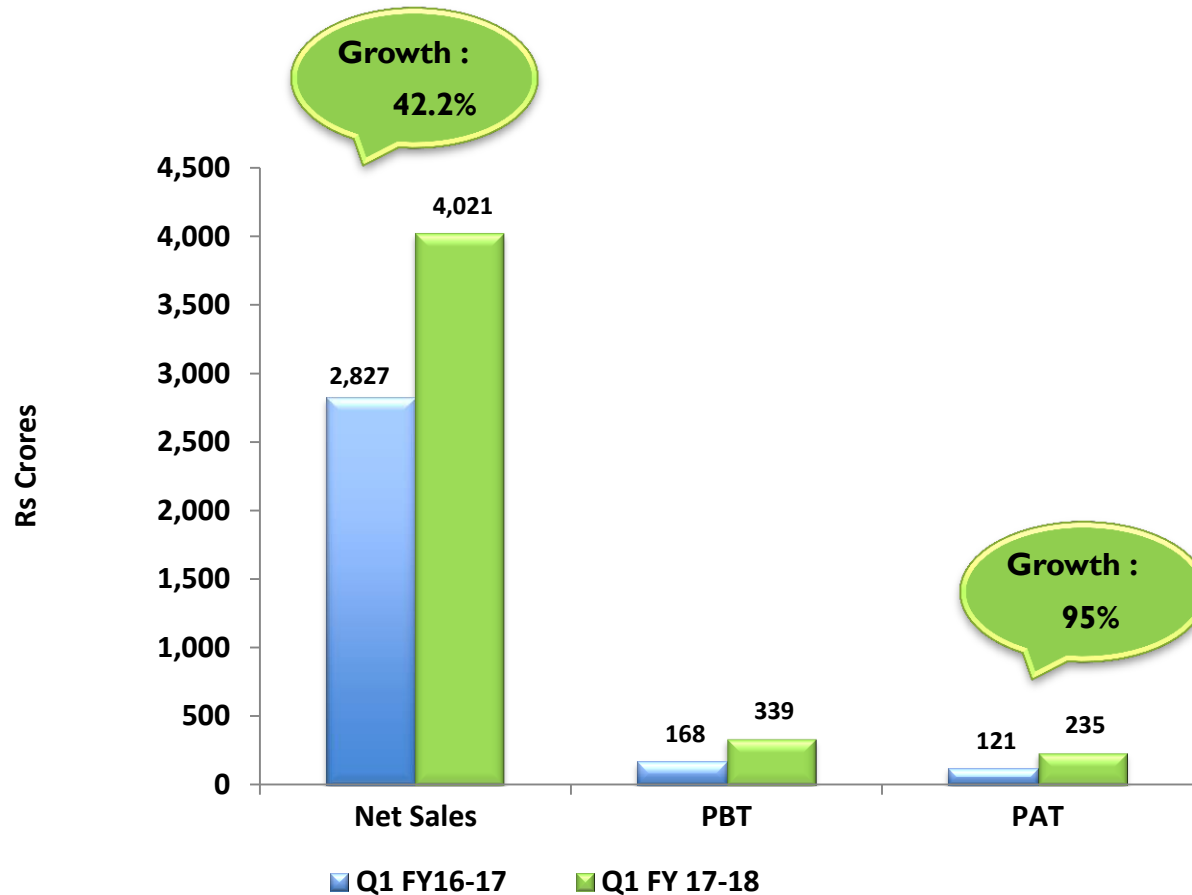
## Q1 FY 17-18



- The prescription eye wear business recorded a growth of 9% while sunglasses business saw a decline due to significant down stocking in June due to higher GST rates.
- PBIT above is before VRS for the division of Rs.4 cr for Q1 FY 16-17.

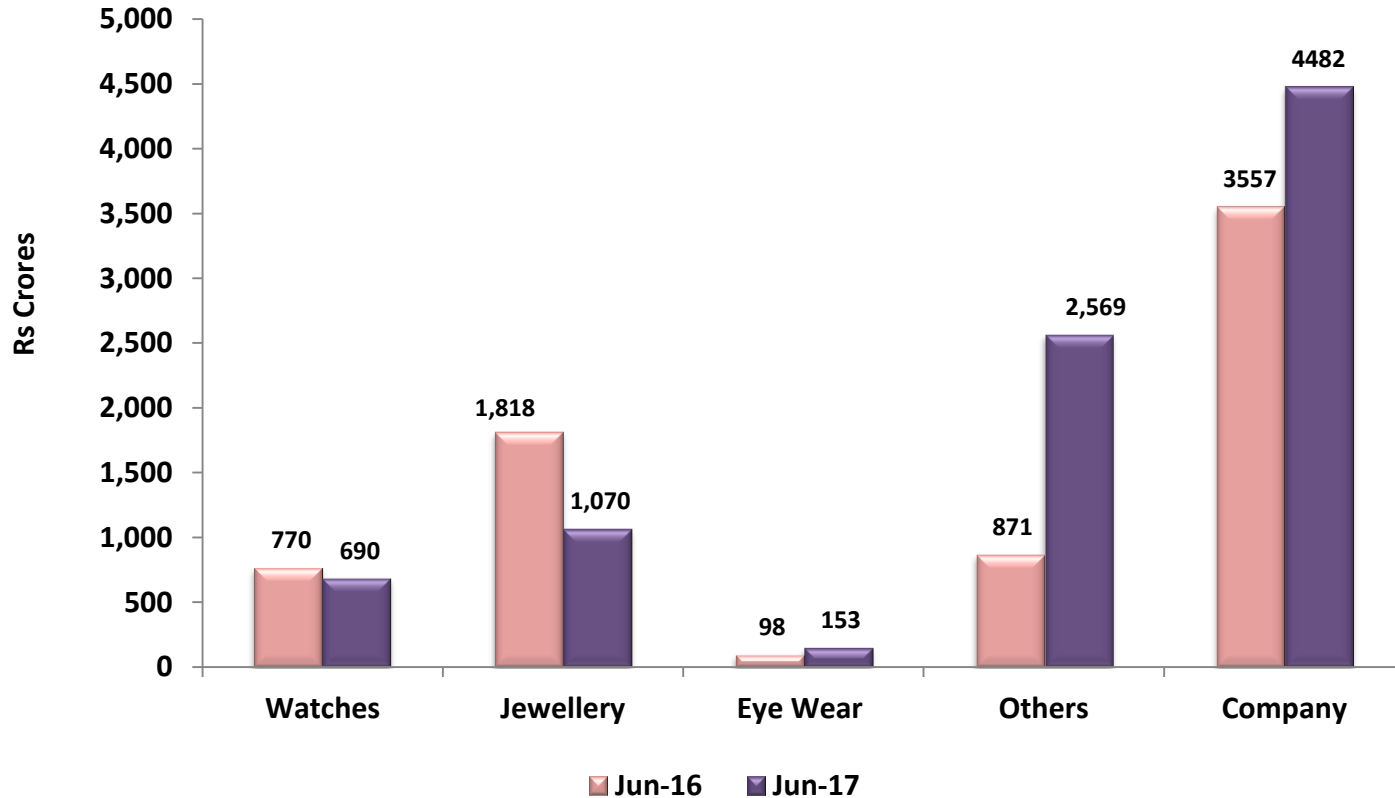


# Company Performance - Consolidated



- Growth in revenues in Caratlane has been excellent in the quarter.
- PBT figures are after consolidated VRS cost of Rs 97 cr for Q1 FY17 and Rs.14 cr for Q1 FY18.
- PBT growth before VRS is 33%

# Capital Employed

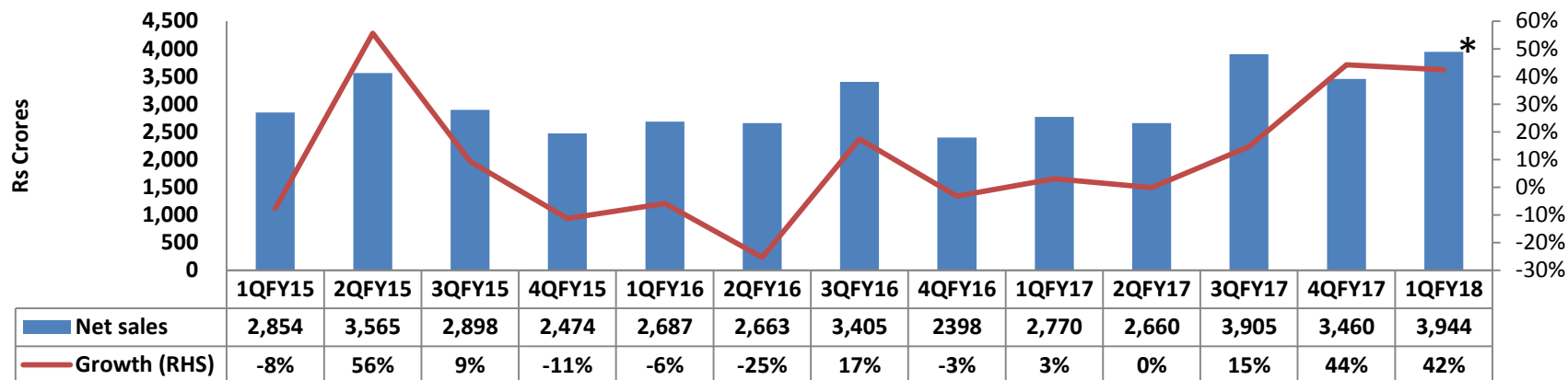


- Jewellery capital employed declined as the division procured more Gold on Lease this year
- Sharp increase in corporate capital employed due to investment in CaratLane (Rs 357 cr), capital expenditure for new corporate office as well as the increase in cash & equivalents

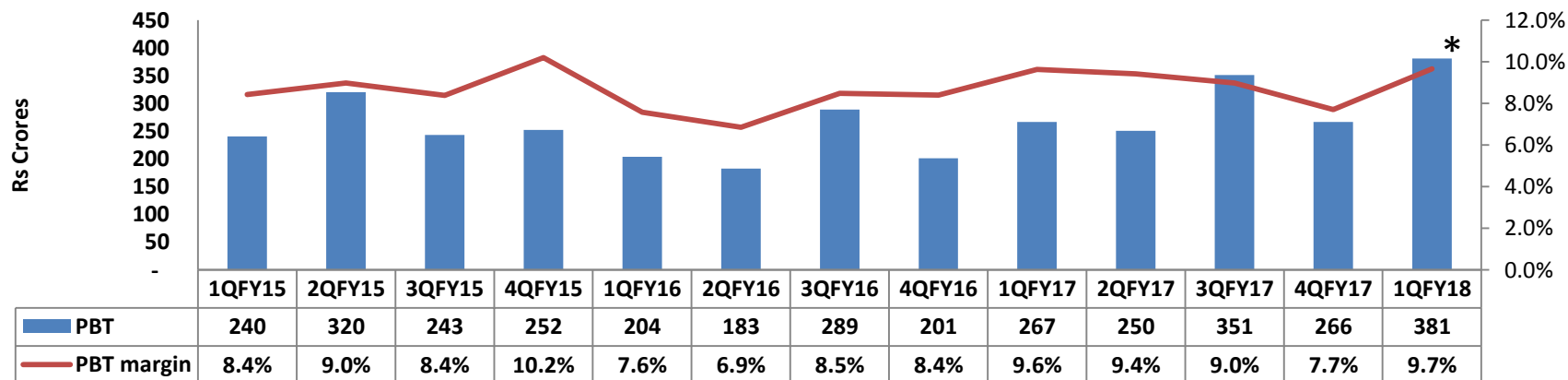


# Quarterly Performance Trends

## Company: Net Income



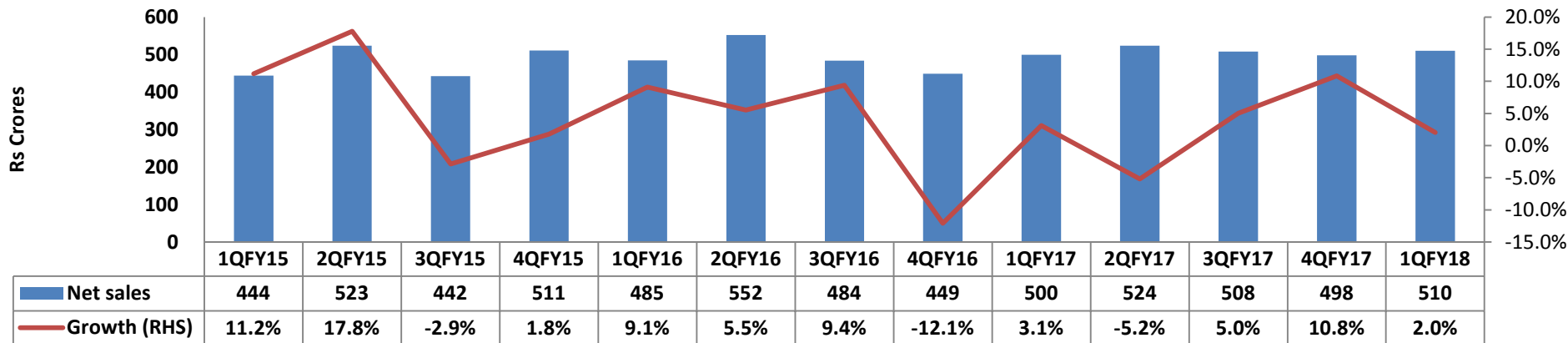
## Company: PBT & Margin



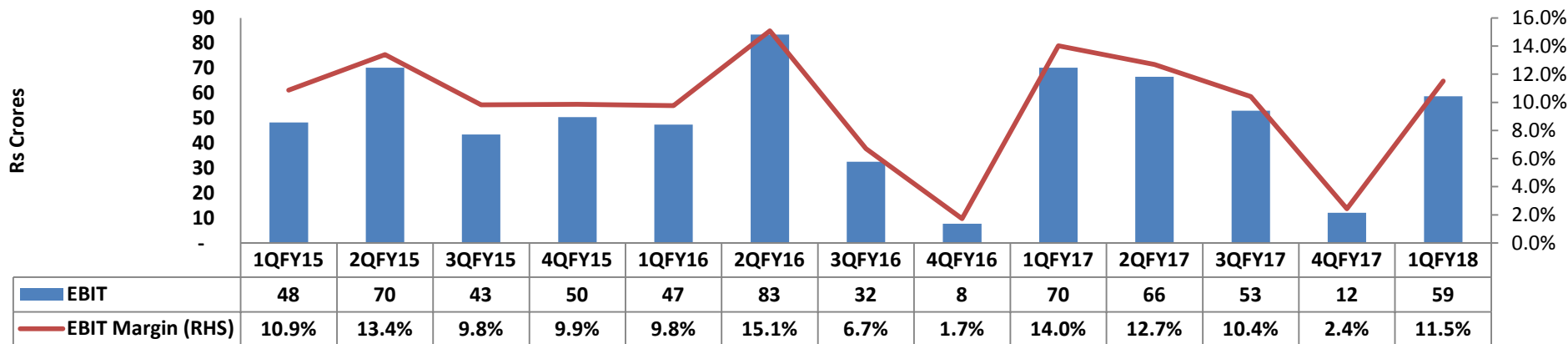
\* Financials of the Company do not include PED from Q1 FY 17-18 onwards due to its demerger into TEAL

# Quarterly Performance Trends

## Watches: Net Income

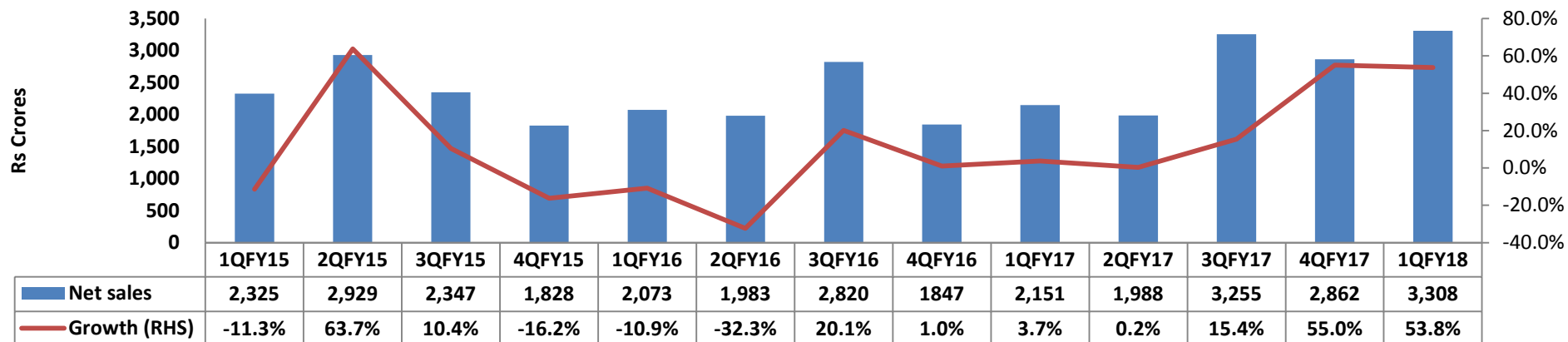


## Watches: EBIT & Margin

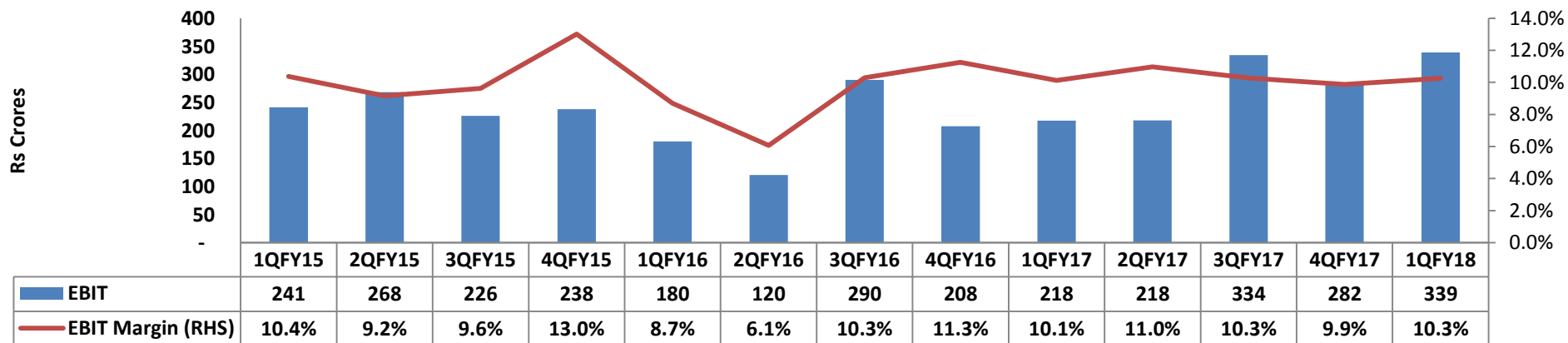


# Quarterly Performance Trends

## Jewellery: Net Income

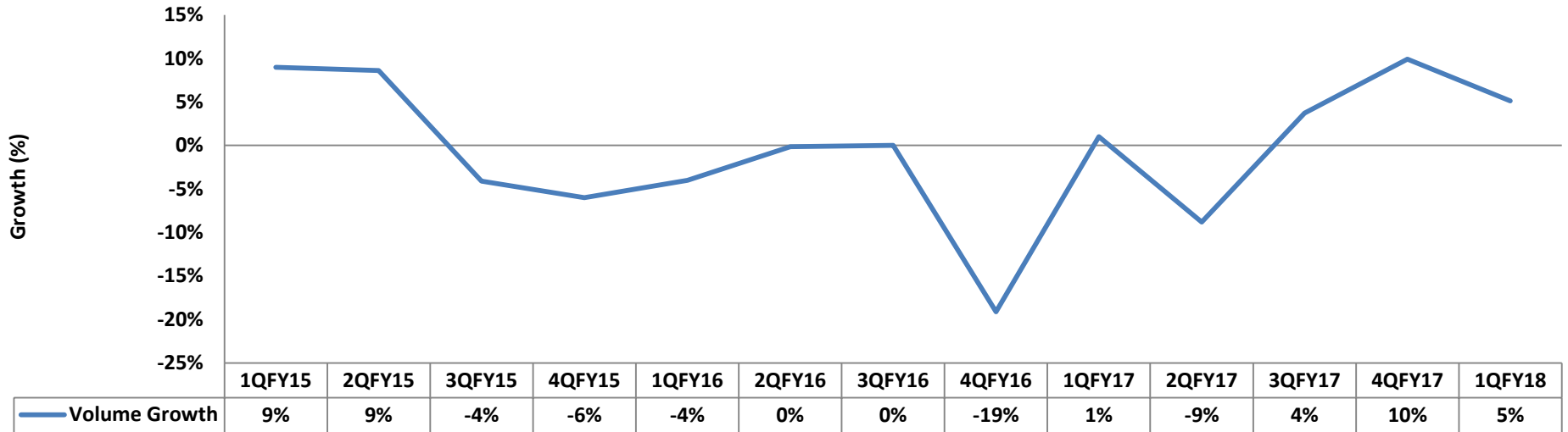


## Jewellery: EBIT & Margin

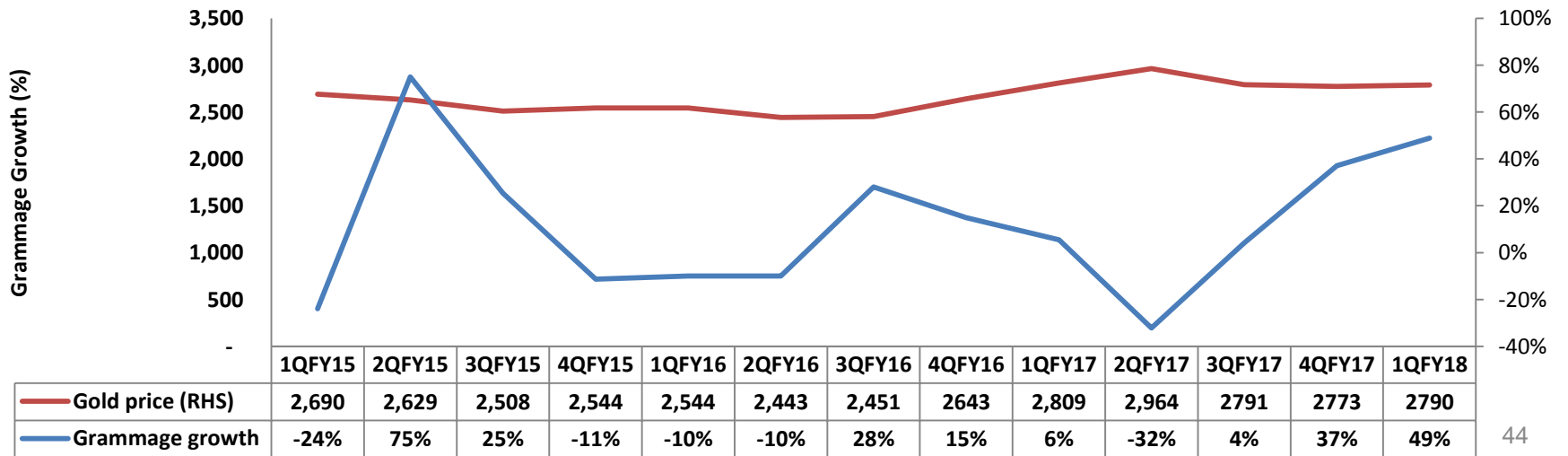


# Quarterly Performance Trends

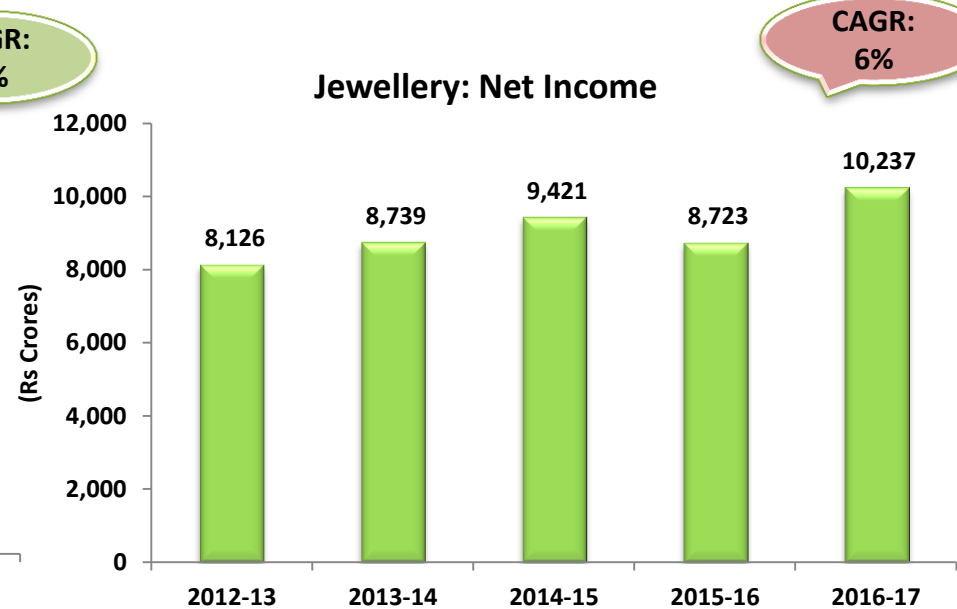
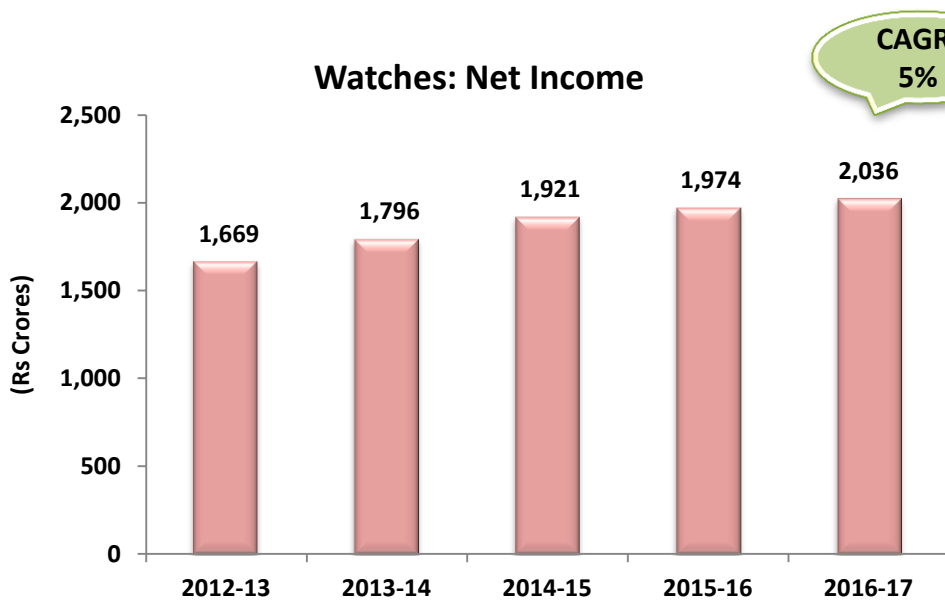
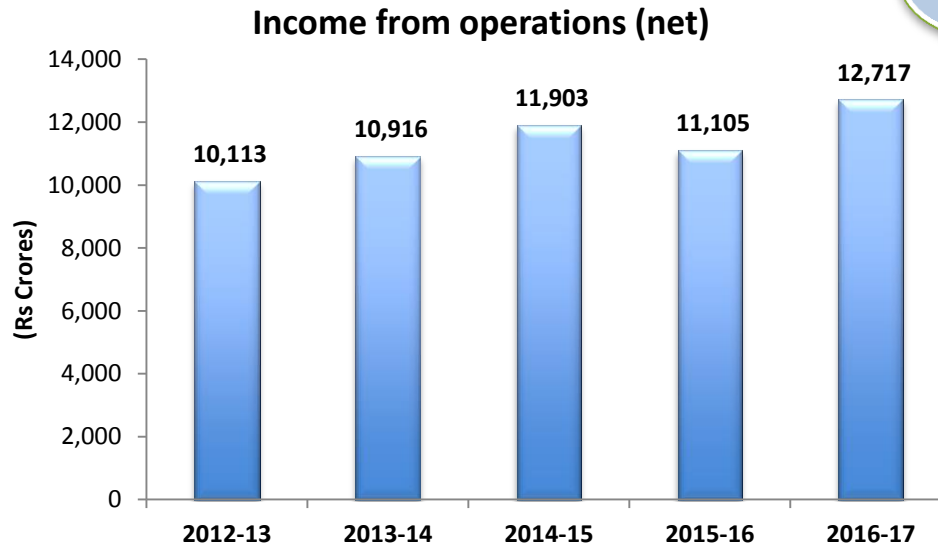
### Watches: Volume growth



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

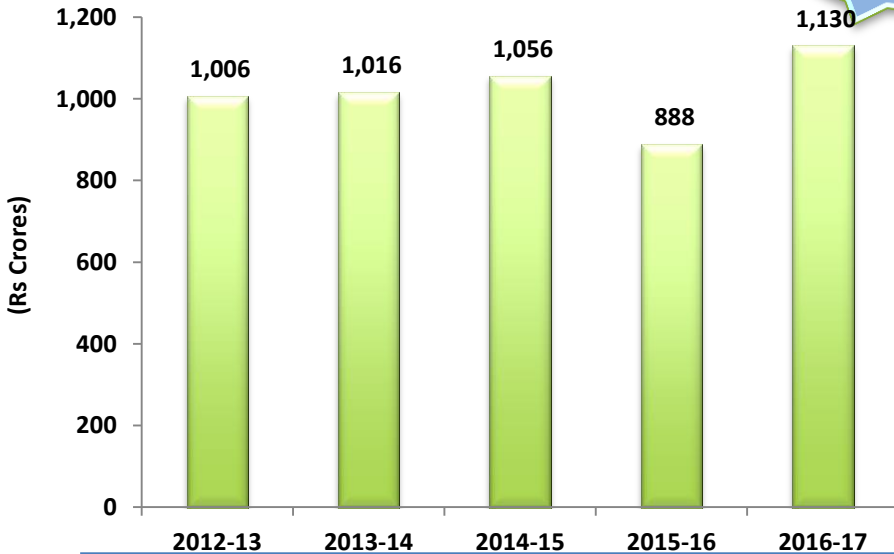


# Annual Performance Trends

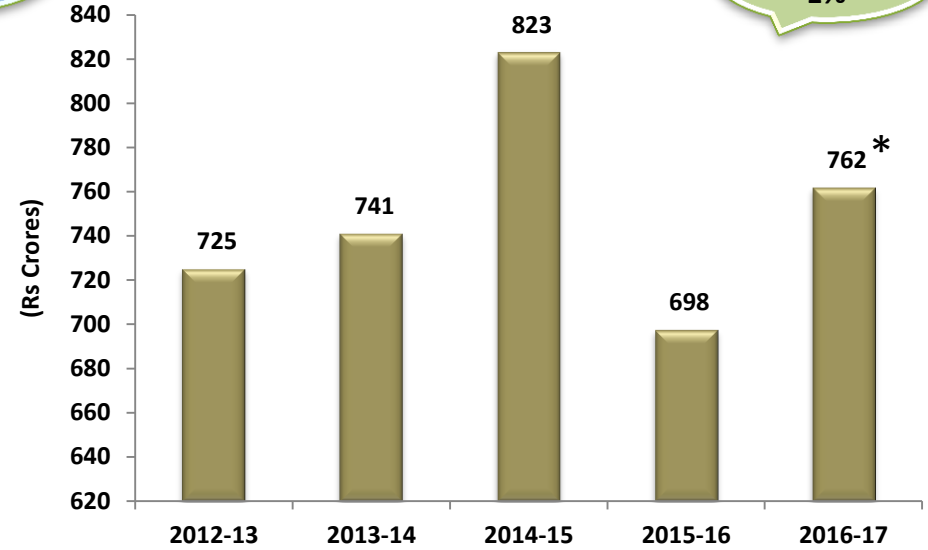


# Annual Performance Trends

**PBT**

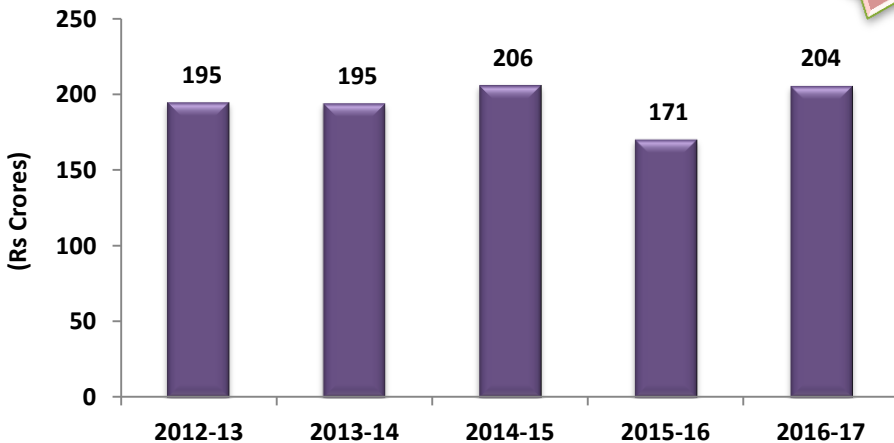


**PAT**

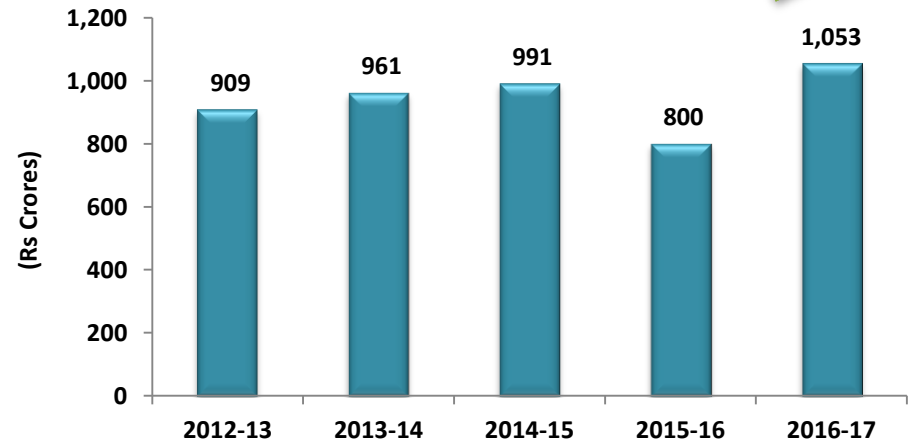


\* PAT after VRS cost of Rs 100 cr

**Watches: PBIT**

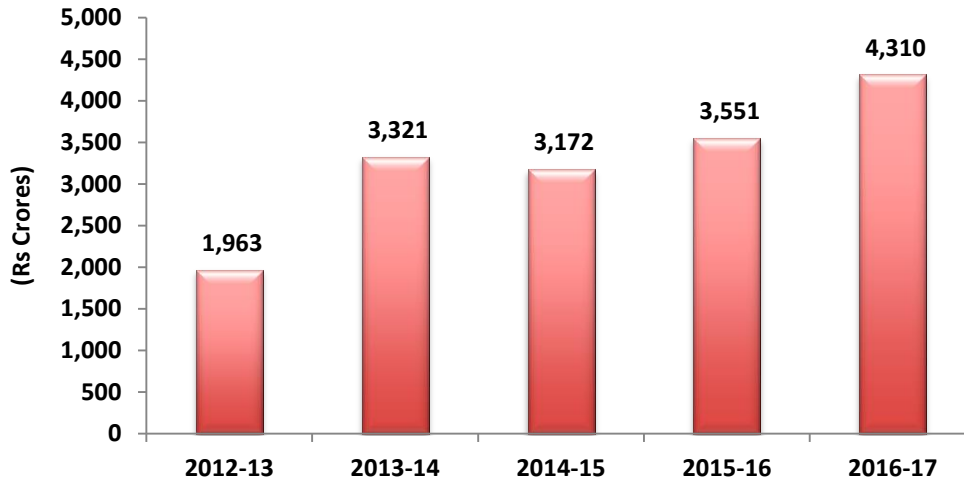


**Jewellery: PBIT**



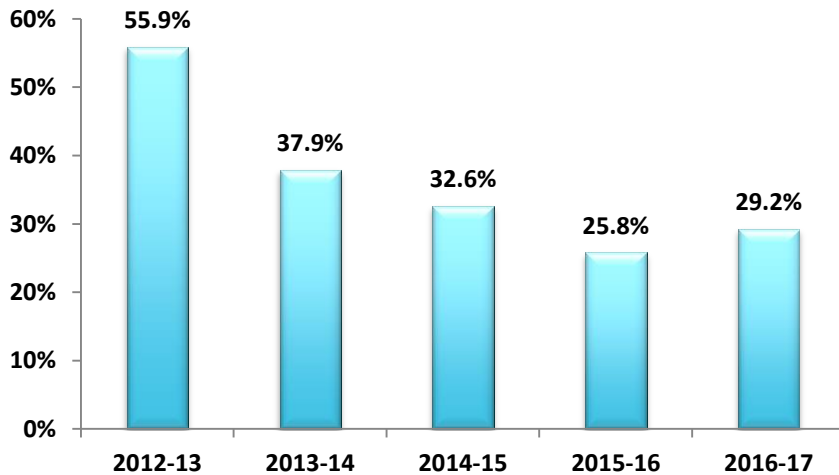
# Annual Performance Trends

### Capital Employed

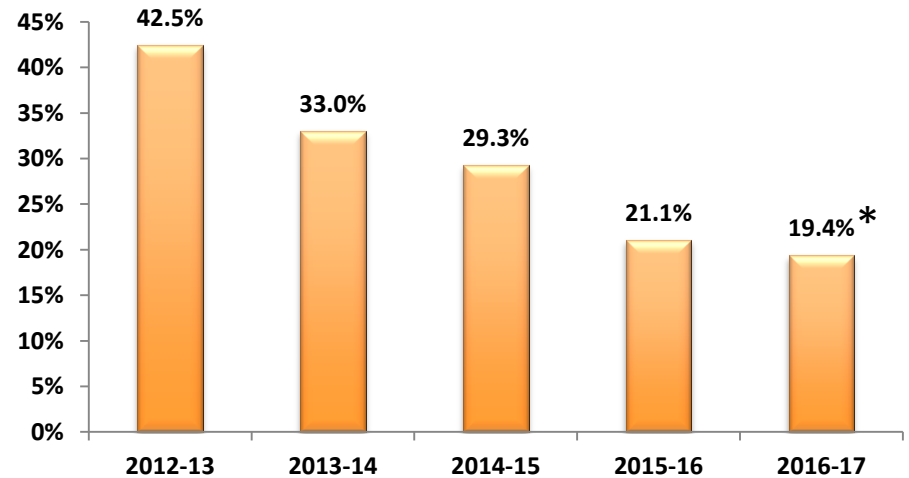


• Disruption in Gold on lease scheme increases Capital Employed sharply in FY 13-14

### ROCE



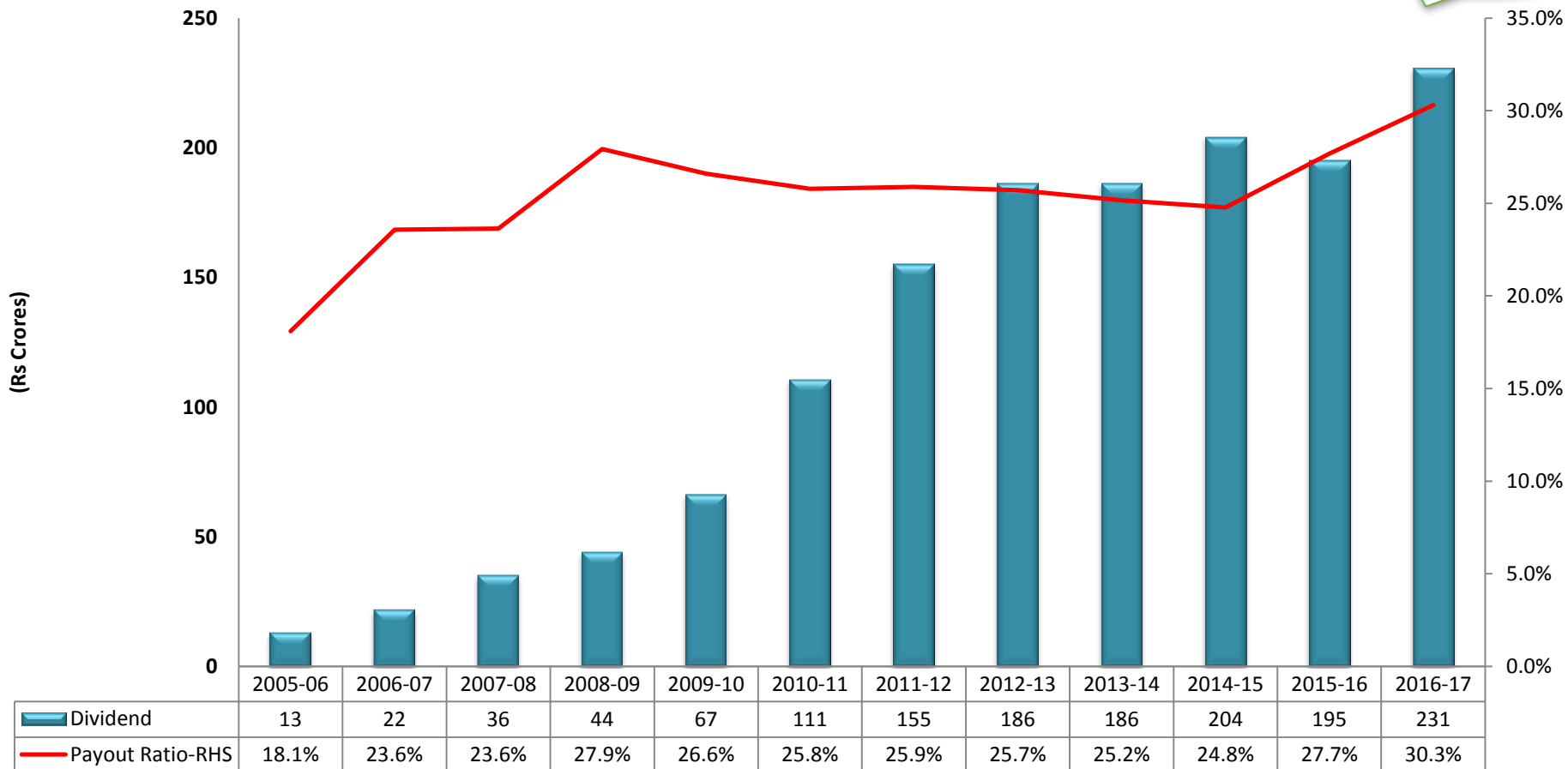
### ROE



\* ROE after VRS cost of Rs 100 cr

# Dividend

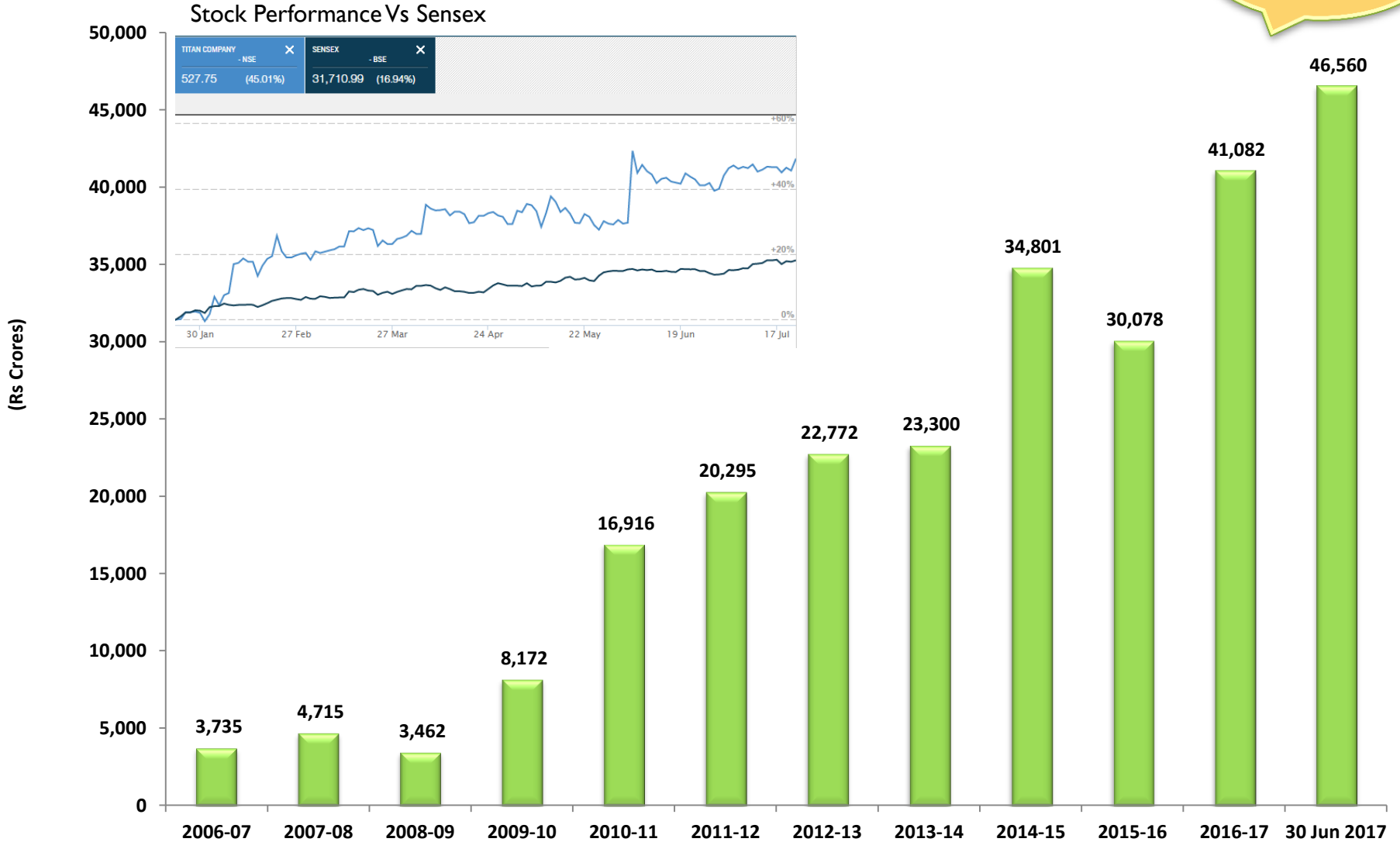
**10 year  
CAGR: 26%**





# Market Capitalisation

**10 year  
CAGR: 25%**



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