

Titan Company Limited

Delivering value by creating brands

May, 2016



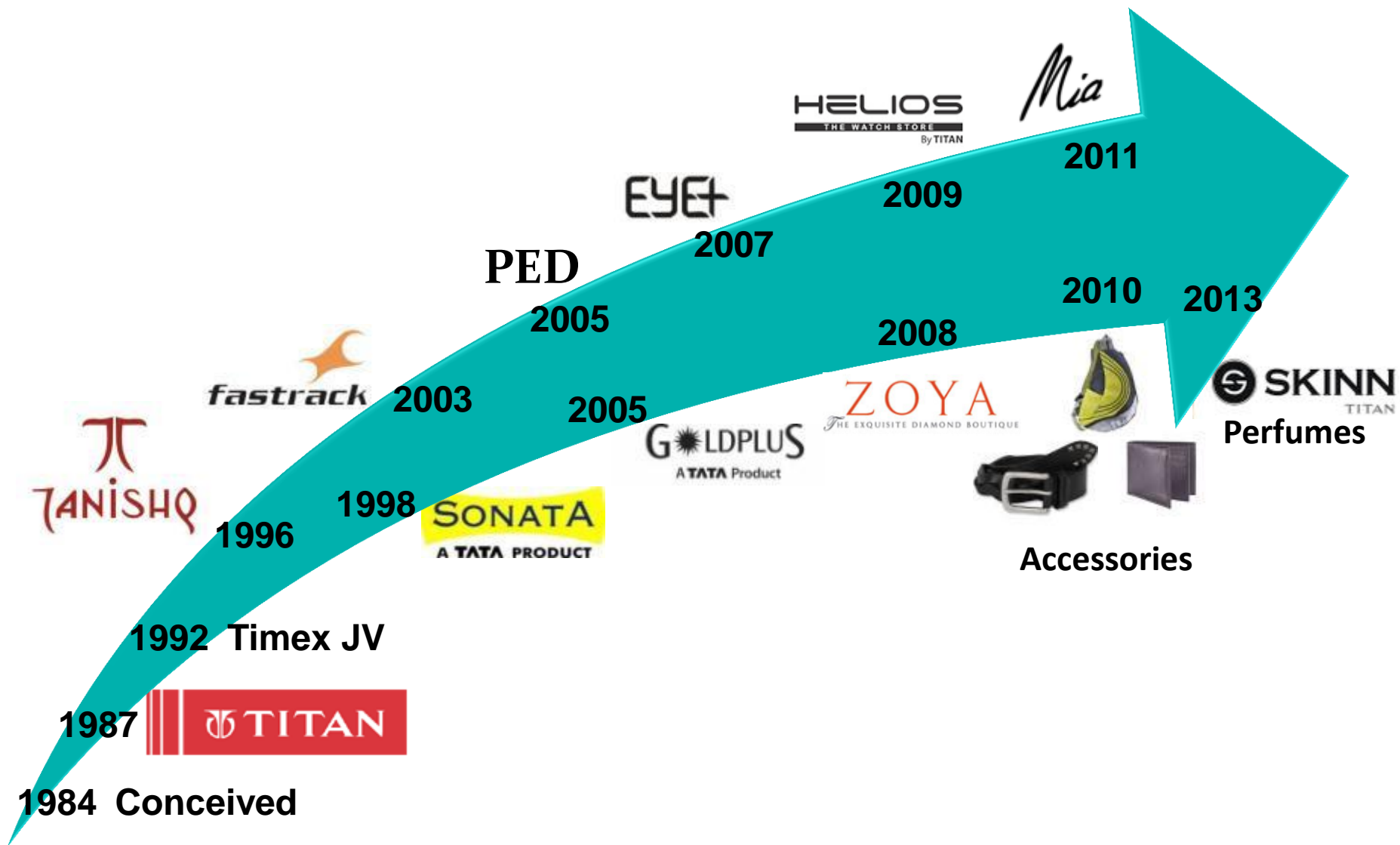
Disclaimer



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



Strengths Across the Value Chain



800+ New time products every year
reddot Award to 2 Edge watches
Differentiated Jewellery Collections
Customized lenses with 3D visual mapping

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

Design & Development



Brand Building



Manufacturing



Retail & Customer Service

12 Manufacturing and assembly facilities
State of the art Karigar Centres for Jewellery
Components exported to Swiss watch makers
3600+ employees engaged in factories

Exceptional Customer Experience
Merchandising Effectiveness
Impactful Retail Identities
Engagement of store staff
Extensive After Sales Service network



Our Brands



Luxury

Premium

Mid Market

Mass Market



India's largest specialty retailer



Luxury

ZOYA 2

Premium

HELIOS THE WATCH STORE By TITAN 41

TANISHQ 193

Mid Market

WORLD of TITAN THE EXCLUSIVE TITAN SHOWROOM 452

TITAN EYE+ 404

Watch Care Centres 707

fastrack 159

Regnl Offering

GOLDPLUS A TATA Product 32

1,283 Exclusive stores

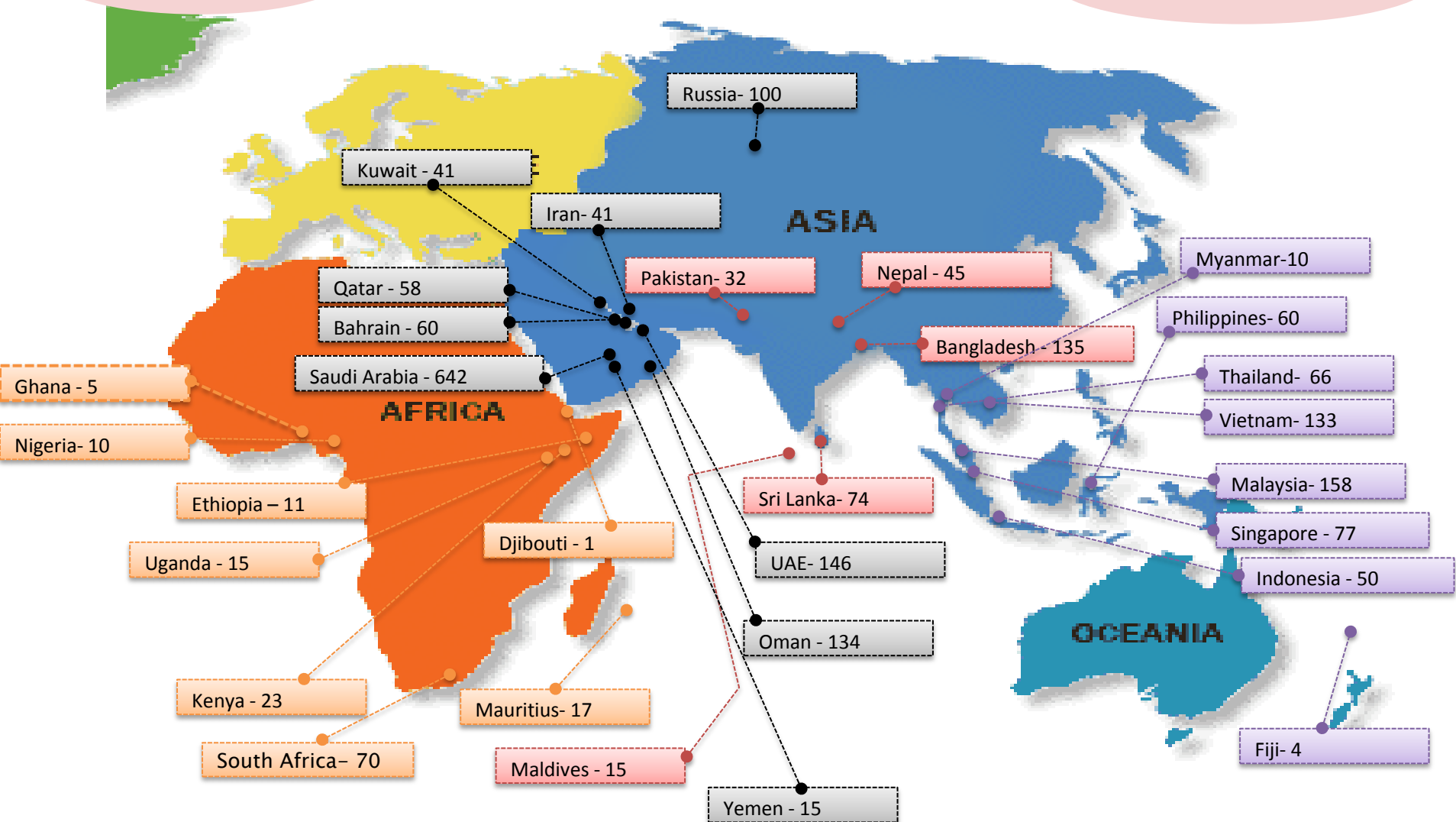
247 Towns

Over 1.72 million sft of retail space

International presence

32 Countries

2,264 Outlets



Watch Division



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



Juxt: Smart and Stunning



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



TITAN PRESENTS
THE **NEW** COLOUR
OF **LOVE**
Marsala



WORLD *of* TITAN



TITAN
COMPANY



SONATA

Floral Valentine

Watch Division



Five major brands

TITAN SONATA *fastrack* xv|ys NEBULA

Licensed Brands

TOMMY HILFINGER fcuk™ **Timberland** POLICE

Points of Sales



- Multi-brand dealers and stores
- Large-format stores like Shoppers' Stop, Lifestyle etc
- Ecommerce : www.titan.co.in and other websites

Large network of exclusive service centers

Sophisticated Design & Development Center

- Core strength in Industrial, Retail and Graphic design
- Numerous international award-winning designs

Watch Division



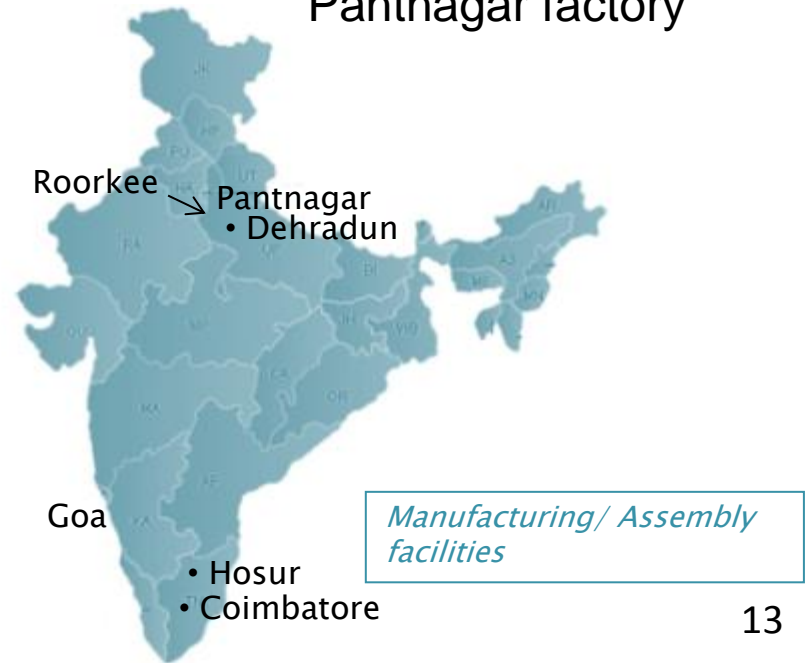
Watch factory, Hosur






Pantnagar factory



Watch Assembly



Watch Distribution

 <p>WORLD of TITAN</p>	<ul style="list-style-type: none"> • 452 showrooms (Net 22 additions YTD) • 204 towns – 423k sft
	<ul style="list-style-type: none"> • 159 stores / kiosks (Net 5 additions YTD) • 85 towns – 94k sft
	<ul style="list-style-type: none"> • 41 stores (net 1 closure YTD) • 23 towns – 48k sft
<p>Service Centres</p>	<ul style="list-style-type: none"> • 707 outlets • 270 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"> • 2,264 outlets • 32 countries



TITAN
COMPANY

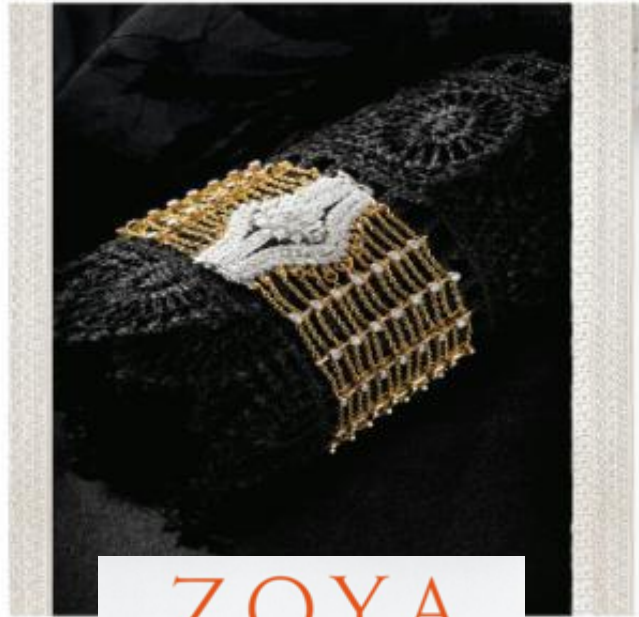
Jewellery

Mia
by
TANISHQ



Mia: Jewellery for Modern Working Woman

Open File

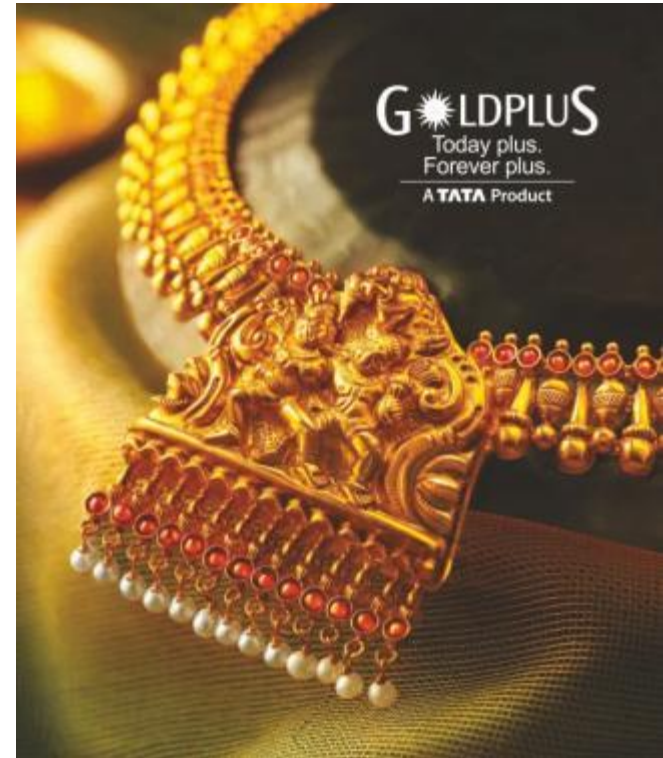


ZOYA
THE EXQUISITE DIAMOND BOUTIQUE
PRESENTS
Lace

Zoya draws inspiration from this exquisite fabric to bring out a collection of superbly designed, finely crafted masterpieces.

Tanishq Wedding Collection pays eloquent tribute to the Indian bride. From the magnificent polki and kundan work favored by brides of the North to the vankis and the unique hair ornaments of a South India bride.

TANISHQ
A TATA PRODUCT



GOLDPLUS
Today plus.
Forever plus.
A TATA Product

Goldplus provides wide range of jewellery at affordable prices. It offers the best value on exchange for gold jewellery, 100% buyback, net weight of gold and stones are weighed separately.



π
TANISHQ

Uttara

Vibrant Birthstones

EARRINGS
PENDANTS
FINGER RINGS

ONLINE EXCLUSIVE

Jewellery

Largest Jewellery Retailer in India

3 Major brands – Tanishq, Gold Plus, Zoya and sub-brand Mia



TANISHQ



GOLDPLUS
A TATA Product



ZOYA



Mia

Customer First and Lean initiatives in manufacturing and retailing

Studded jewellery mostly manufactured in-house - plain gold outsourced

4 State of the art Karigar Centers in Hosur- Industry Best Practice

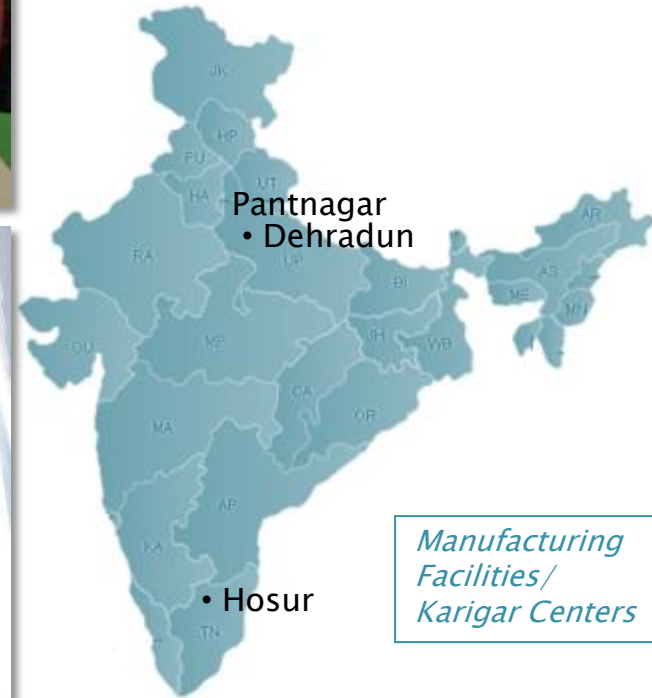
- Re-defining Hand made jewellery manufacturing, by transforming work place and stay to make the karigars live in a “home away from home”
- Retain the best of the artisans in the Jewellery Industry
- Improved Karigar productivity and multiskilling capability, thus ensuring inclusive growth



TITAN
COMPANY

Jewellery

Karigar Center, Hosur



Jewellery Distribution



TANISHQ

- 195 stores including 2 Zoya stores (19 added YTD FY 16)
- 815k sft (~90k sft added YTD FY 16)
- 111 towns



GOLDPLUS
from TATA

- 32 stores
- 81k sft
- 32 towns

Eye Wear



Frames

In-house Brands



Sunglasses

In-house Brands



Lens Labs



Eyewear



India's largest optical retail chain

- 404 retail outlets, 170 towns

Products include frames, lenses, sunglasses, contact lenses, ready readers and accessories

Creating differentiation in the mind of the consumer

- Zero-error testing
- Differentiated and stylish frames & sunglasses backed by high-tech lenses
- Browse, touch and feel display

Innovation in creating access

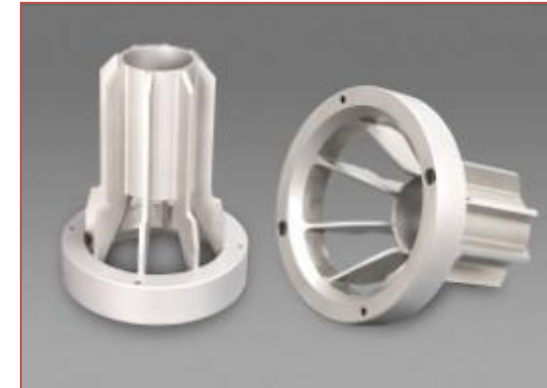
- Vision check online
- Remote eye testing at stores
- New Spexx stores in hospitals

Tie-up with Sankar Nethralaya for training of store staff and optometrists

State of the art Lens manufacturing facility at Chikkaballapur

Precision Engineering

Precision Engineering Components and Sub Assemblies (PECSA)



Machine Building & Automation (MBA)



Precision Engineering



B2B business – spun out of Watches manufacturing in 2005

Leverages in-house engineering capabilities

PECSA (Precision Engineering Components 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

Sixty clients across the world

- Including UTAS, Thales, HAL, Textron, Pratt & Whitney, ABB, Schneider, Bosch, Magna, Inteva, Continental

Recent Development

- The Board of Directors of Titan Company Ltd in its Board meeting held on 6th May, 2016, approved the **acquisition of majority stake in Carat Lane Trading Pvt. Ltd. subject to due diligence**
- **About Carat Lane:**
 - Leader in online jewellery sales in India and sells its products online through its website Caratlane.com and mobile app
 - Strengths across the value chain- design, manufacturing, marketing, technology managed in-house
 - Cutting edge web platform and mobile technology for superior customer buying experience
 - Aggressive expansion plans for omni-channel presence
- **Benefits to Titan:**
 - Addition of a new customer profile to the existing portfolio
 - Exciting brand and business model
 - Significant capabilities in the e-commerce space

Q4 Performance

Q4 Background

- Disappointing quarter and financial year as well with decline in top line and bottom line – advancing of promotions to December in both Watches and Jewellery divisions and other factors particularly lower walk ins affected revenues badly in Q4
- The 1% excise duty levy on jewellery manufacturing precipitated a strike in the entire jewellery industry. While the Company refused to participate in the strike many of our stores were forced to be closed on many occasions and the customer walk-ins were poor - Significant sales lost in March, 2016
- The revised PAN card limit of Rs 2,00,000 for transactions in all goods and services was implemented effective from 1st January, 2016. Effect on revenues yet not clear. Secular trend will be visible only after a few quarters.
- The Company has announced a VRS scheme for employees in April 2016 to improve productivity and address cost concerns. The financial impact of the same will be known once the scheme is over in May 2016.
- The Company continues its network expansion journey with addition of 82 stores spanning over 1.3 L sq feet, across different formats in the FY15-16

Q4 Background

Jewellery

- After the buoyant performance in Q3, Q4 FY16 was a very unsatisfactory quarter for the Division. The sales were affected due to the strike in March, implementation of Rs 2,00,000 PAN card threshold, advancement of studded activation to December 2015 as well as poor consumer sentiment
- For FY16 the division improved its gross margin over previous year mostly on account of absence of GHS discounts in the first 8 months of the year and improved margins in the studded category
- The division introduced an online exclusive collection of birthstone jewellery called “Uttara”
- Brand health metrics for Tanishq continue to see a good improvement and scores are highest in last few quarters
- The proportion of Gold purchase on spot Vs gold on lease was approx. 45:55 in the Q4
- In Q4, Gold rate declined by 3% in dollar terms but increased by 4% in Rupee terms due to dollar appreciation
- Store expansion continue with 19 stores added with approx. 90k sft. YTD
- Traction on GHS enrolments is very healthy

Q4 Background

Watches

- The division had a sales decline mainly on account of advancement of Titan EOSS to December'15 and a graded activation instead of a flat one last year
- The premiumization journey of Titan is yielding results with the growth rate in above Rs 10k watches being 28% in Q4
- The division took steps to consolidate its LFS business with a profitability focus due to which there were certain one time implications on the gross margin of the division in the quarter
- The margins in the watches business was also affected due to the employee cost rationalization steps taken in the subsidiary, TTPL
- The division launched its first smart offering “Juxt” in Q4 to good reviews and encouraging sales

Eyewear

- The division has seen signs of recovery and has clocked a sales growth of 9% this quarter
- Store expansion continued with 38 stores (39k sq ft) added YTD FY 16

Precision Engineering

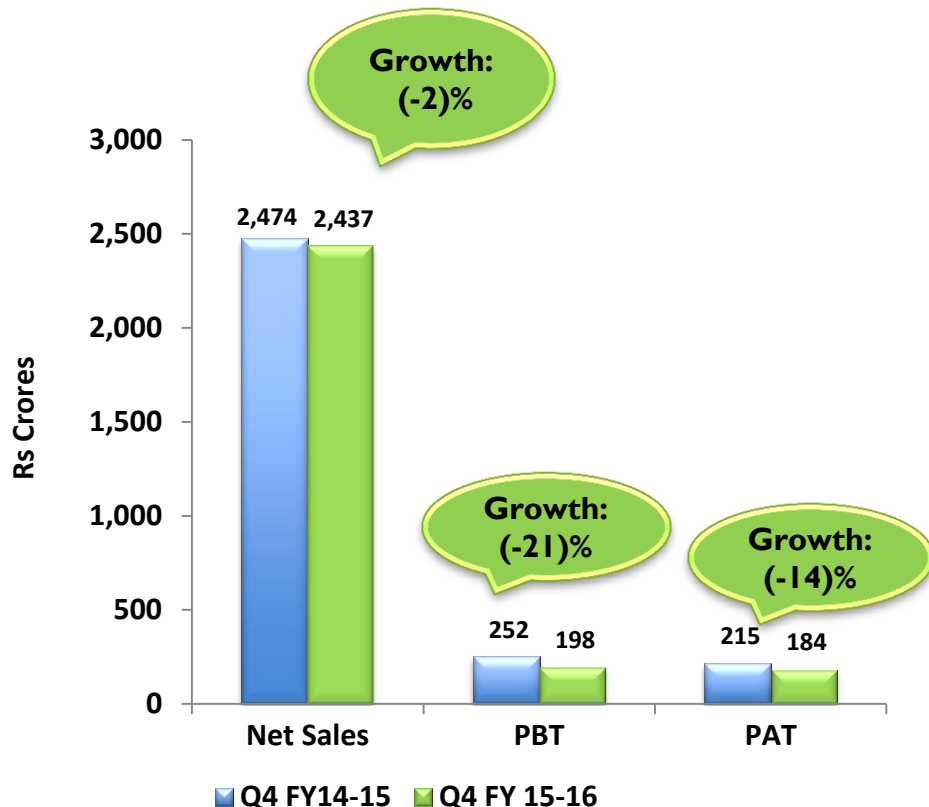
- The division continues to face headwinds in MBA business due to tough international competition and slow offtake by customers

Q4 - Retail growth

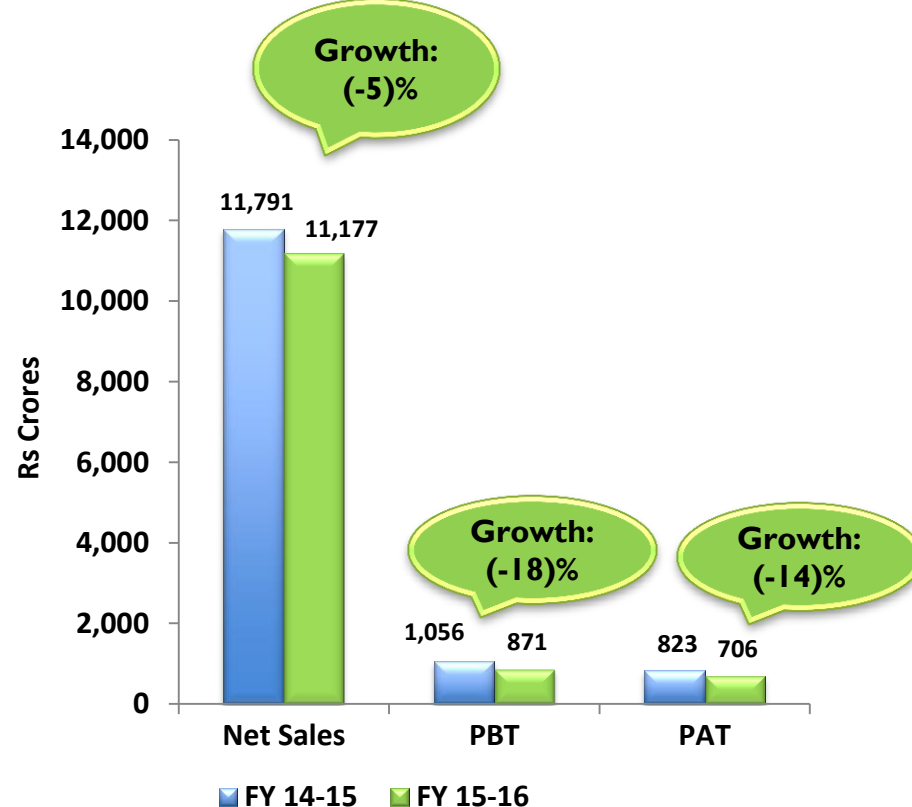
	<u>Sales value growth</u>	<u>Like to like growth</u>
World of Titan	-6%	-9%
Tanishq	-1%	-5%
Goldplus	-16%	-16%
Helios	12%	15%
Fastrack	2%	-5%
LFS	1%	-7%
Titan Eye+	18%	7%

Company performance

Q4 FY 15-16



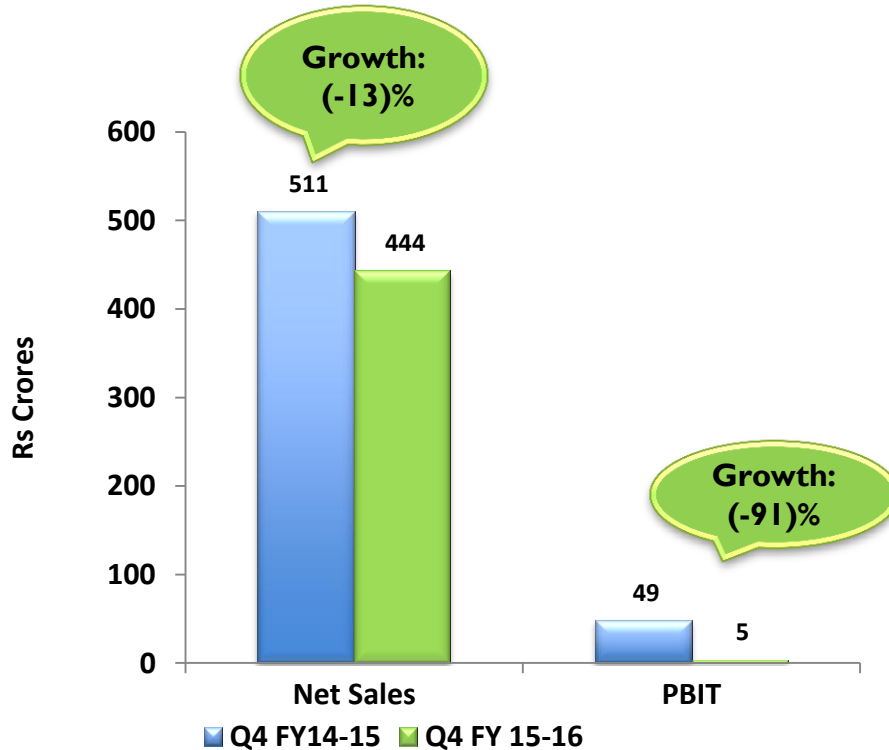
YTD FY 15-16



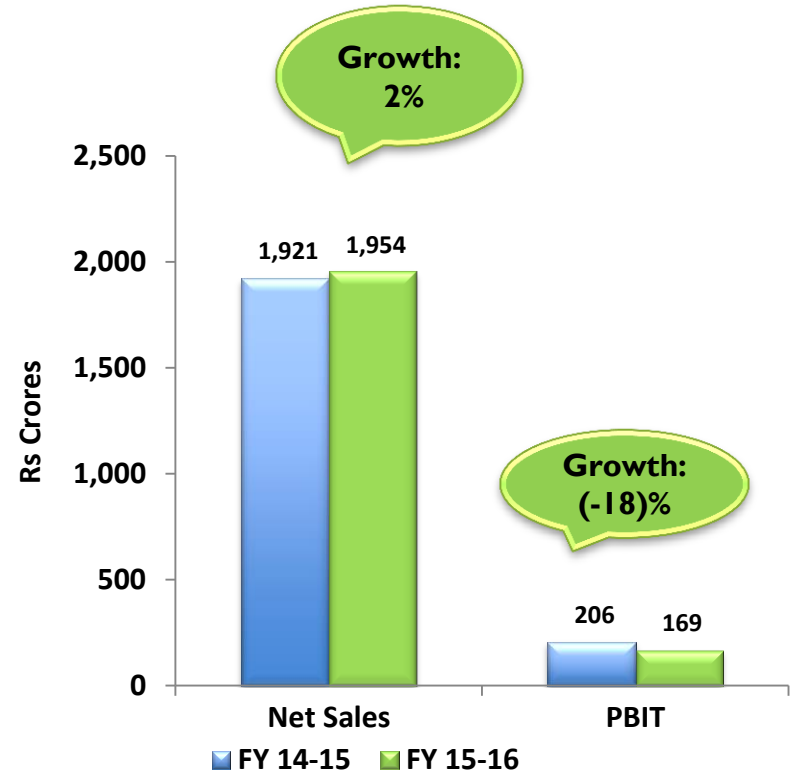
- The top line decline in Q4 was mostly on account of Watches Division. Jewellery, Eye Wear as well as PED showed a topline growth over last quarter.
- The YTD decline as compared to PY is largely due to the base effect due to GHS redemptions in Q2 FY 15 as well as the difficulties faced by the division in Q4 FY 16
- Tax rates lower due to benefits of revenues from tax free zones

Watches

Q4 FY 15-16



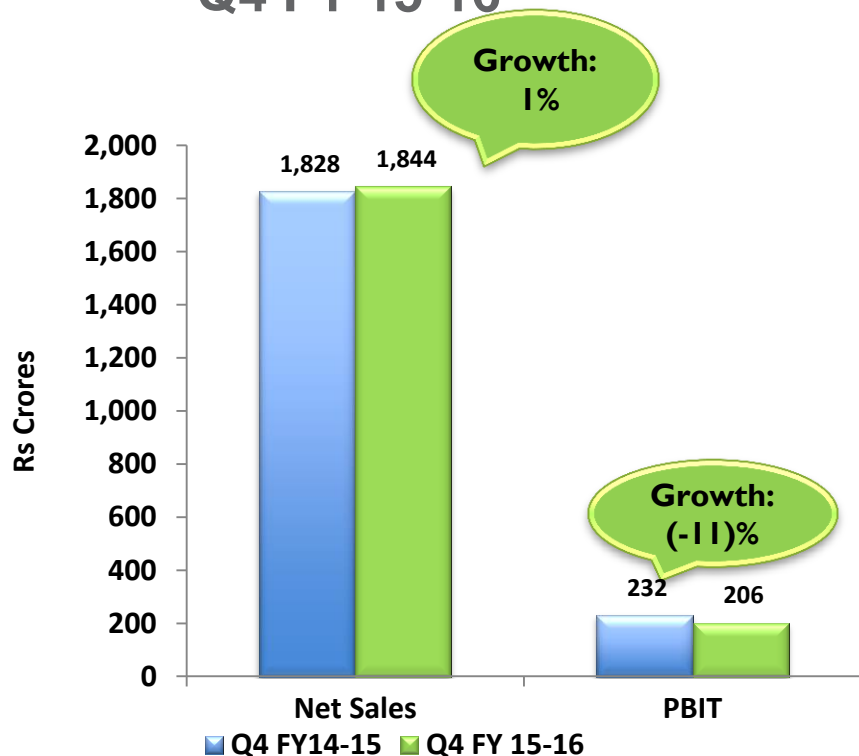
YTD FY 15-16



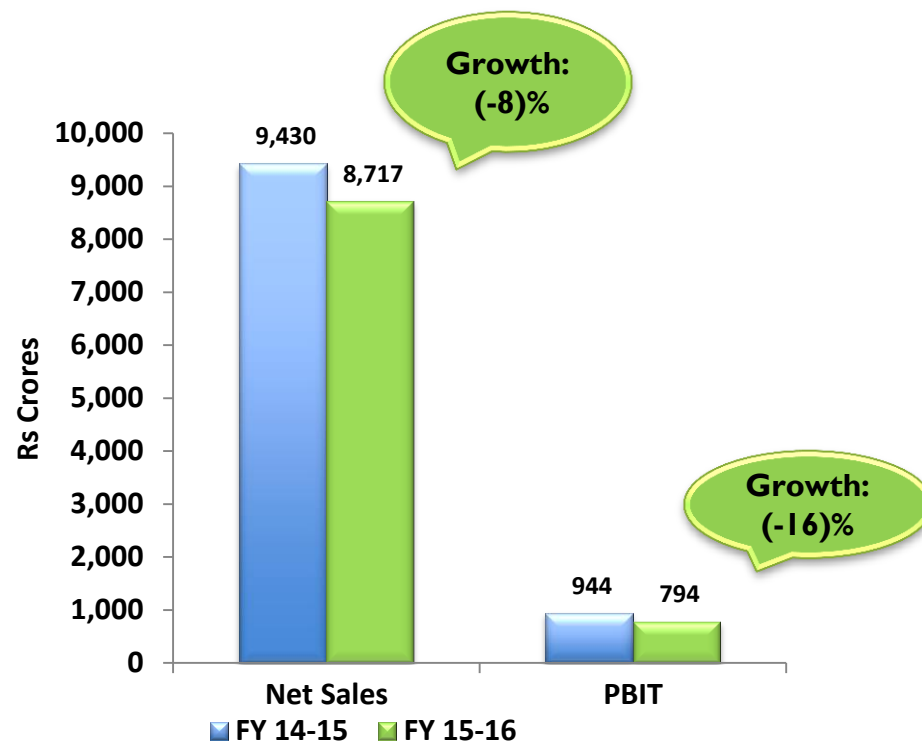
- The top line decline for the quarter was mainly on account of advancement of Titan activation and change in its format (flat activation to graded activation)
- The sharp decline in the PBIT for the FY 15-16 is mainly on account of certain one time factors amounting to Rs 21 cr like VRS in TTPL, the subsidiary what manufactures ECBs for the division and other provisions related to consolidation of LFS channel, which severely affected the gross margin of the division
- Without this one time impact, the division would have shown a slight improvement in its gross margin

Jewellery

Q4 FY 15-16



YTD FY 15-16

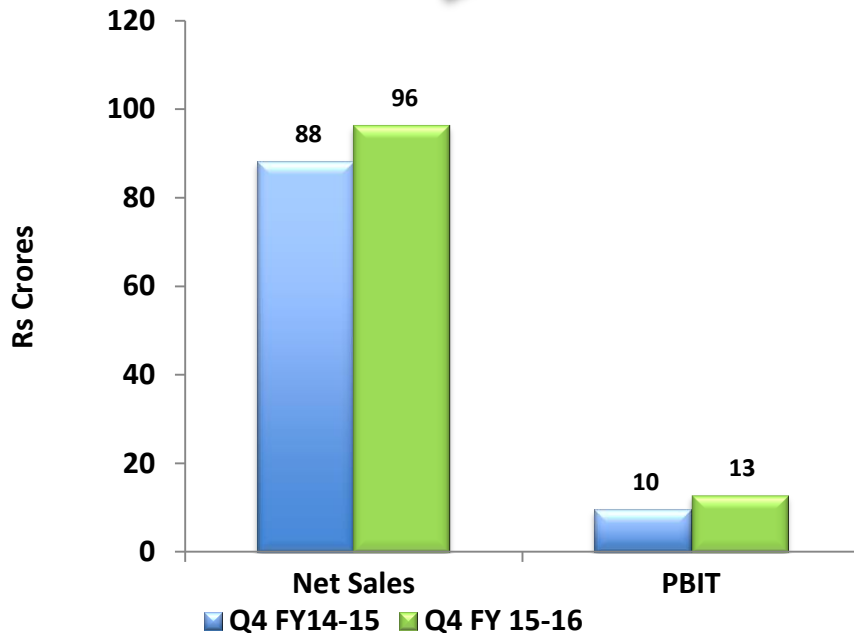


- Growth in Q4 FY 16, despite the regulatory issues faced by the division and advancement of studded activation was mainly on account of GHS redemptions not present in the base
- PBIT decline in the quarter was mainly on account of low gross margin. While a hedging premium of Rs 31 cr was realised, there was a roll forward loss of Rs 20 cr which will accrue in the next quarter.
- Grammage grew by 15% QoQ and the studded ratio was marginally lower at 34% (36% PY)
- YTD decline due to GHS redemption base effect (with GHS contributing to 31% of the revenues in H1 last year)

Eye Wear

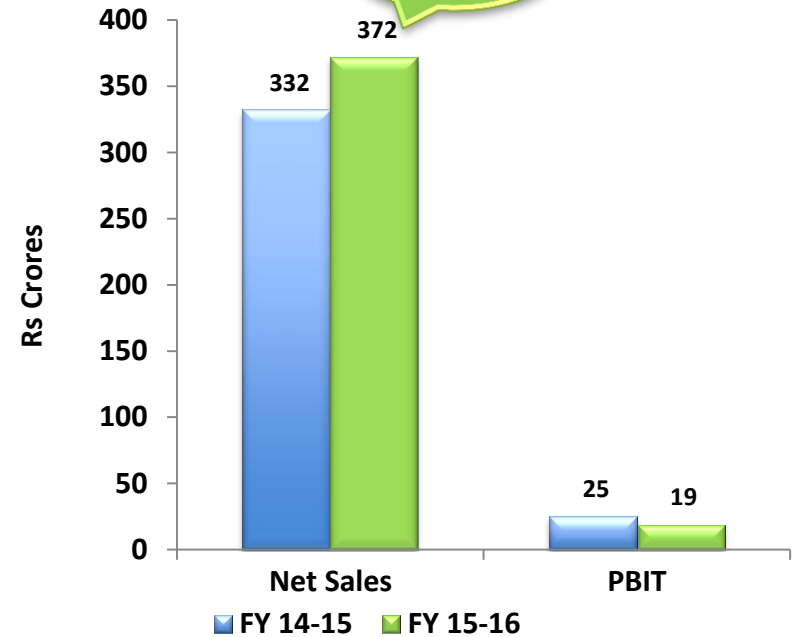
Q4 FY 15-16

Growth:
9%



YTD FY 15-16

Growth:
12%



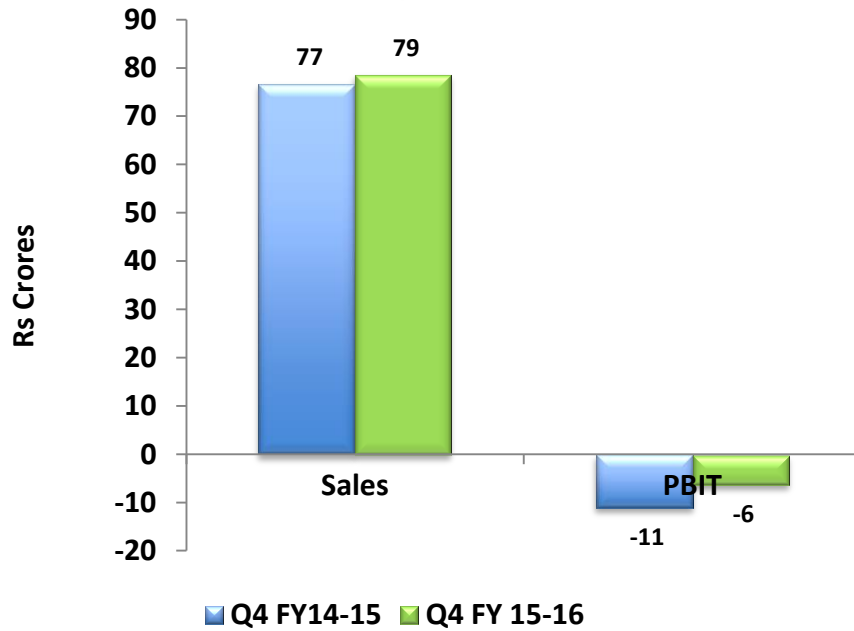
- The Eye wear business showed signs of recovery in Q4, with a sales growth of 9% and ended the year with 12% revenue growth
- The decline in PBIT is due to negative operating leverage in Q3 and higher Sales promotion and Advertising costs in Q1



Others Segment

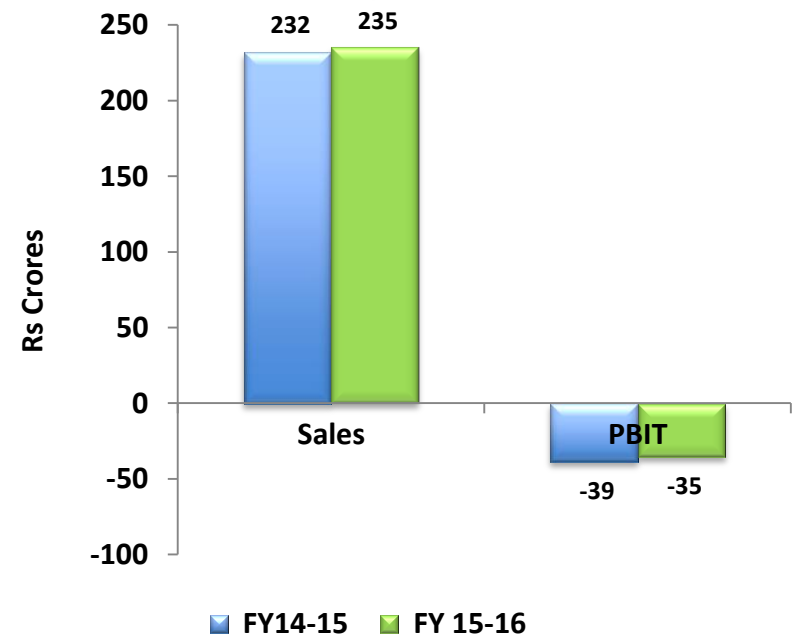
Q4 FY 15-16

Growth:
2%



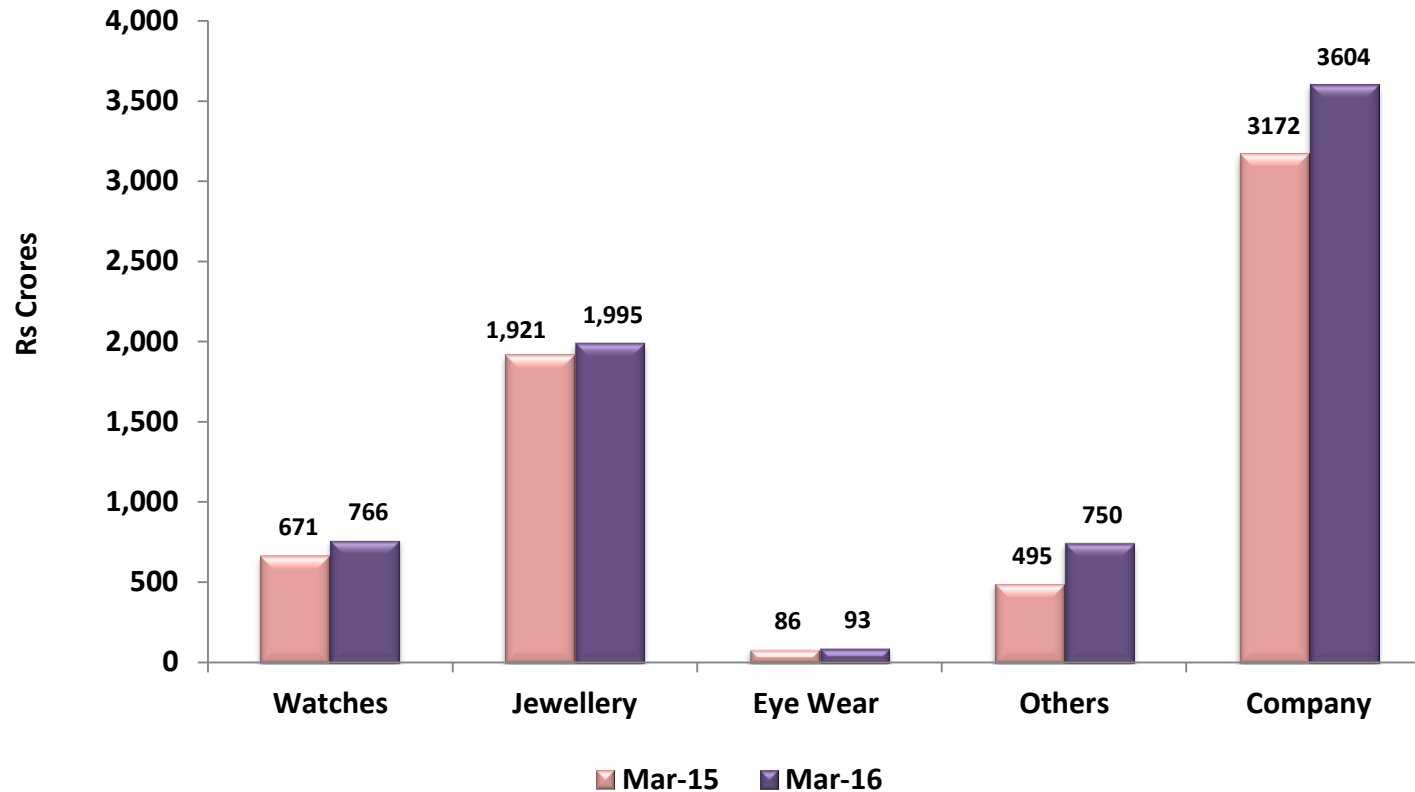
YTD FY 15-16

Growth:
(-6)%



- Decline of 6% in YTD Sales is due to lower revenues in accessories business
- The Precision engineering division showed a negligible top-line growth

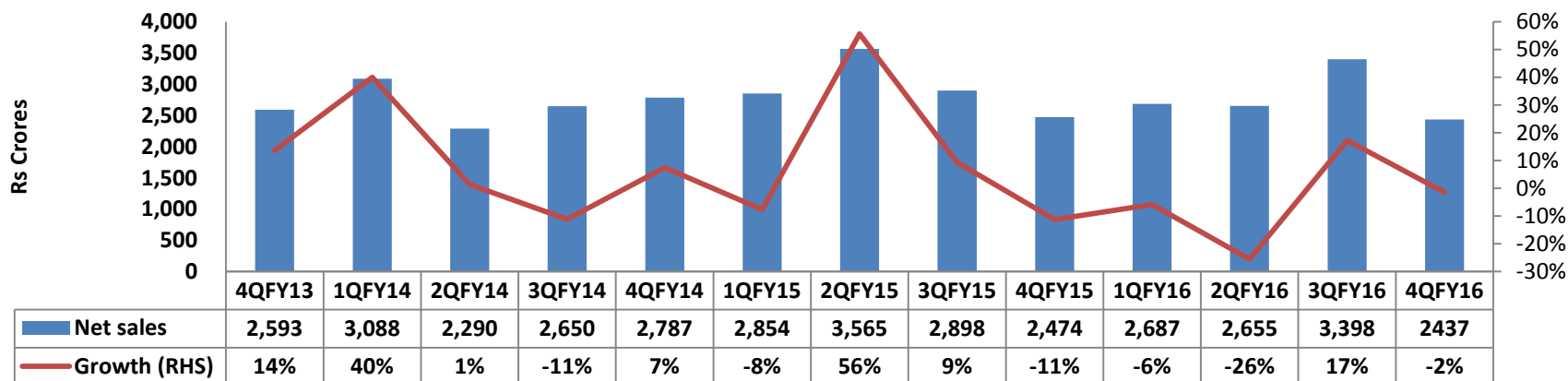
Capital Employed



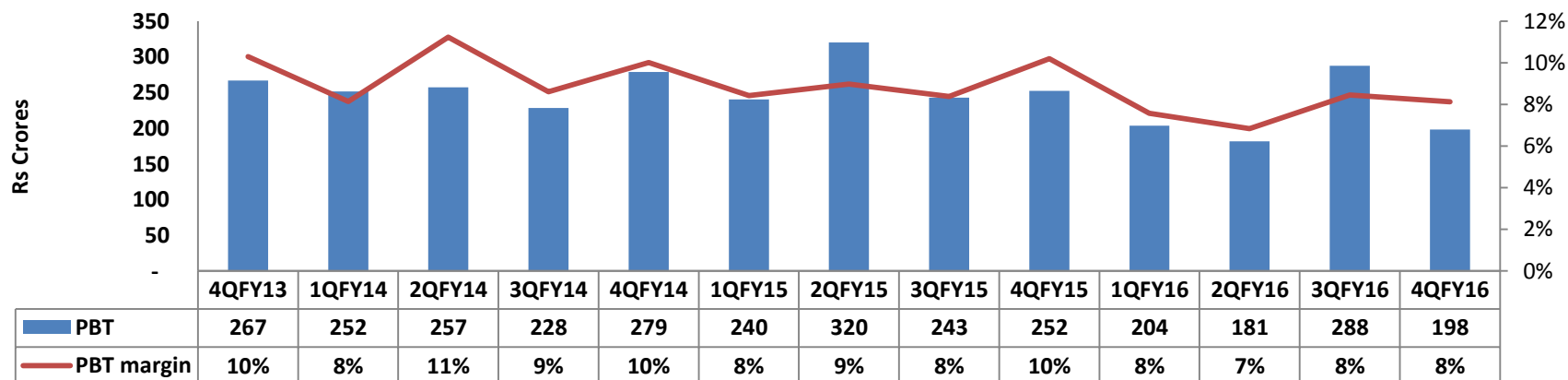
- Others segment comprises of PED, accessories and Corporate
- The capital employed is as per management review numbers. The difference is the reclassification of cash to “Others” segment

Performance Trends - Quarterlyly

Company: Net Income

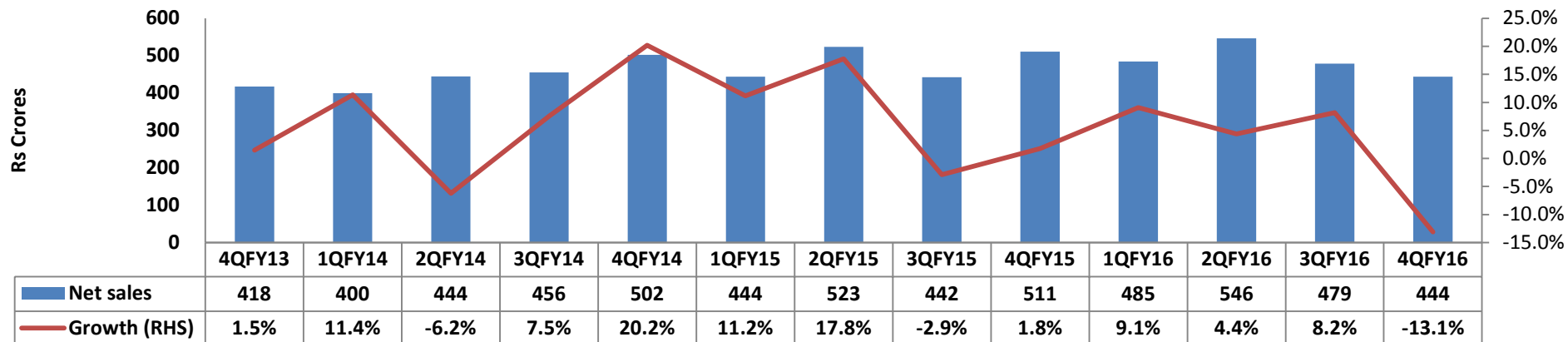


Company: PBT & Margin

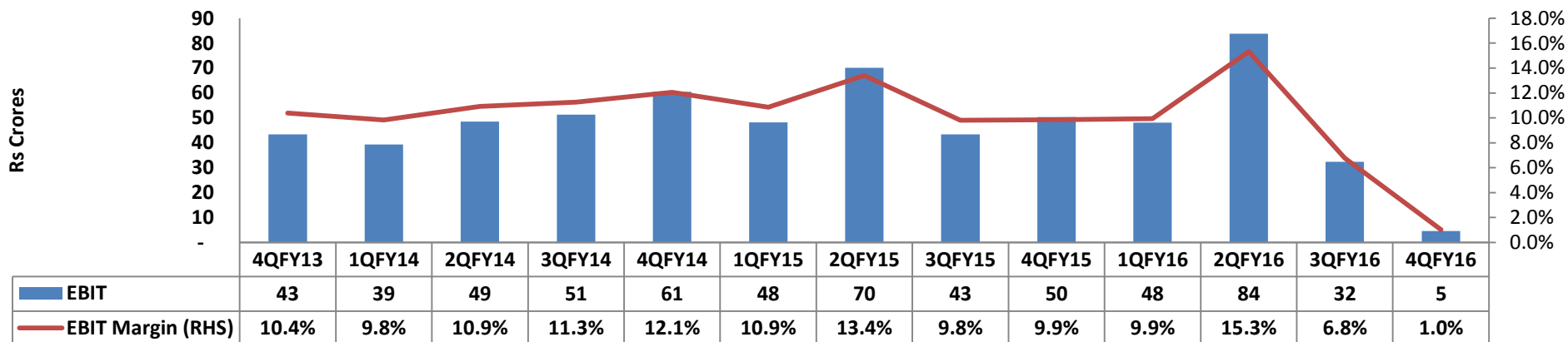


Performance Trends - Quarterly

Watches: Net Income

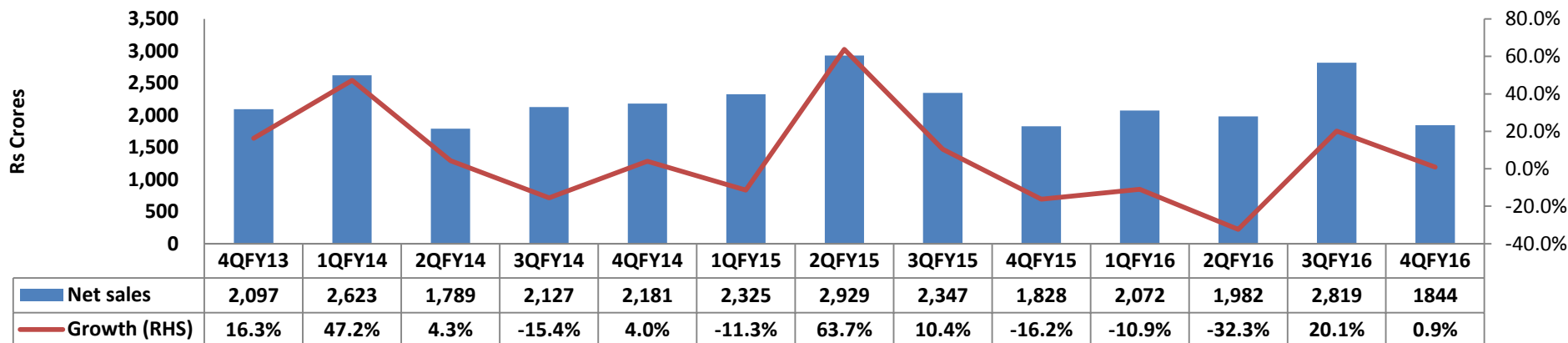


Watches: EBIT & Margin

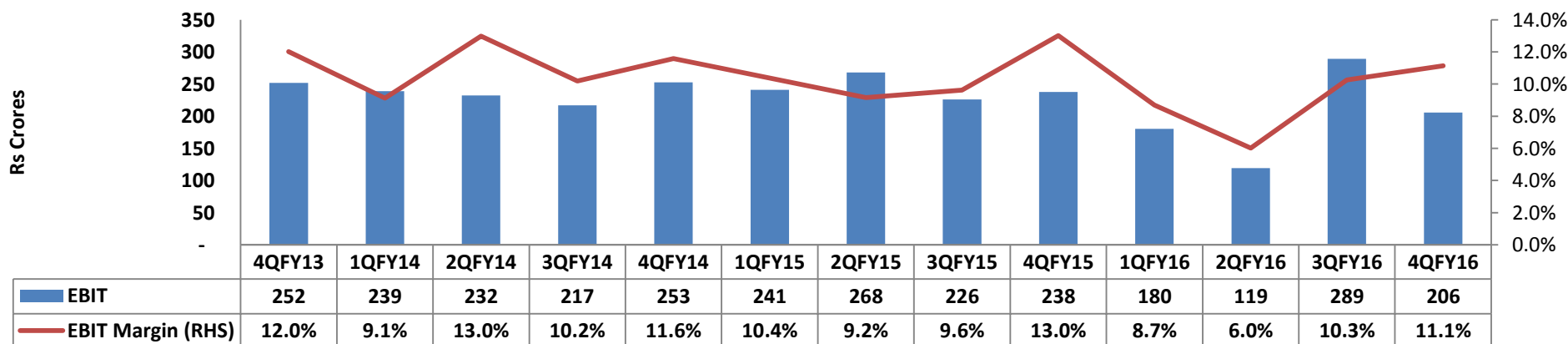


Performance Trends - Quarterly

Jewellery: Net Income



Jewellery: EBIT & Margin

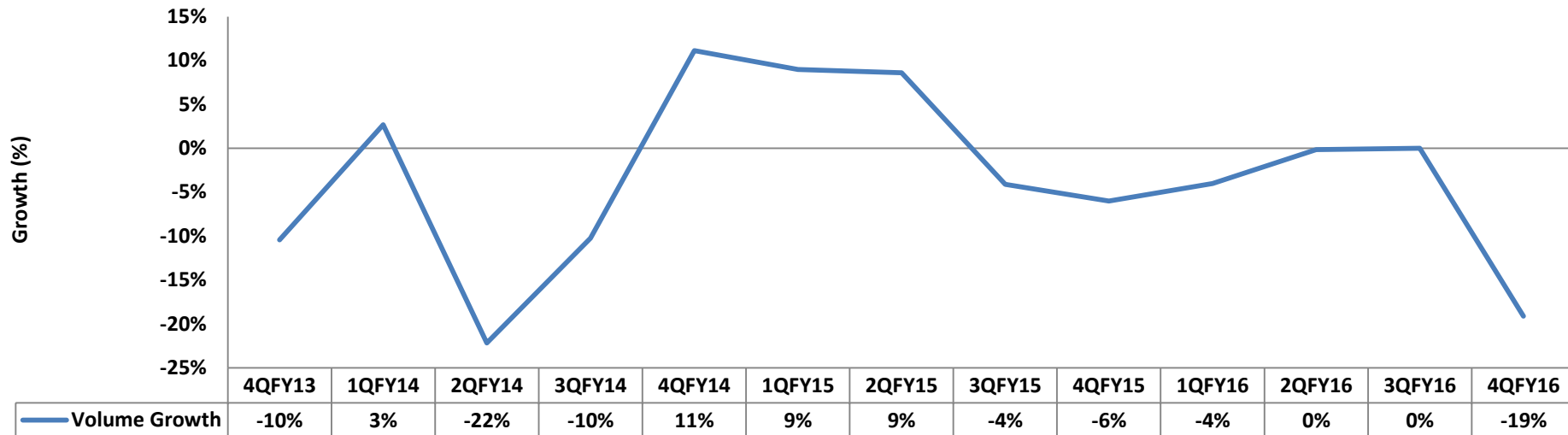


Note: EBIT as per management review numbers

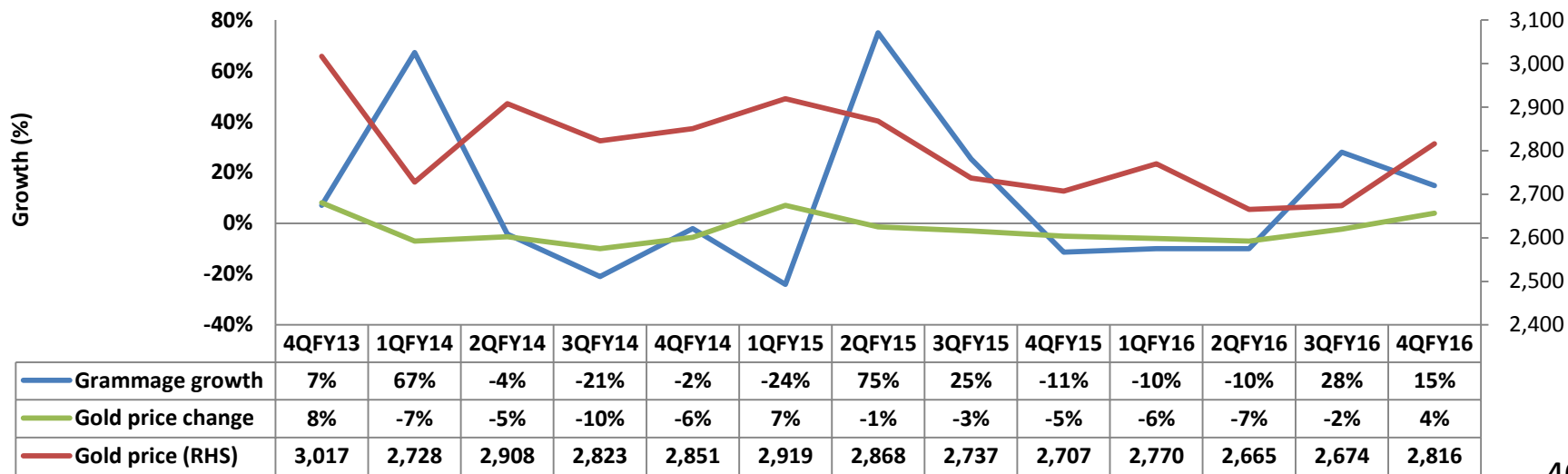
Performance Trends - Quarterly



Watches: Volume growth

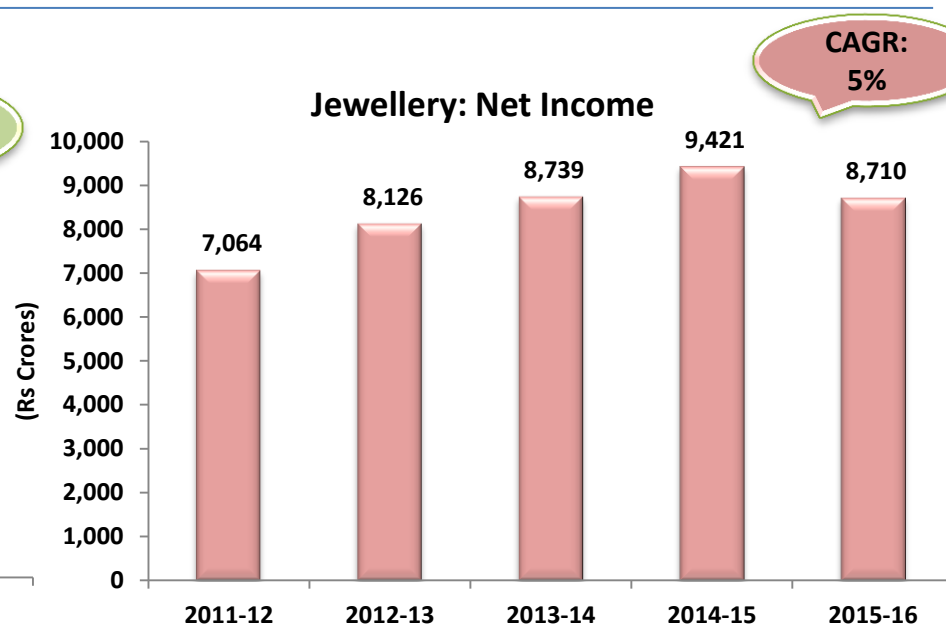
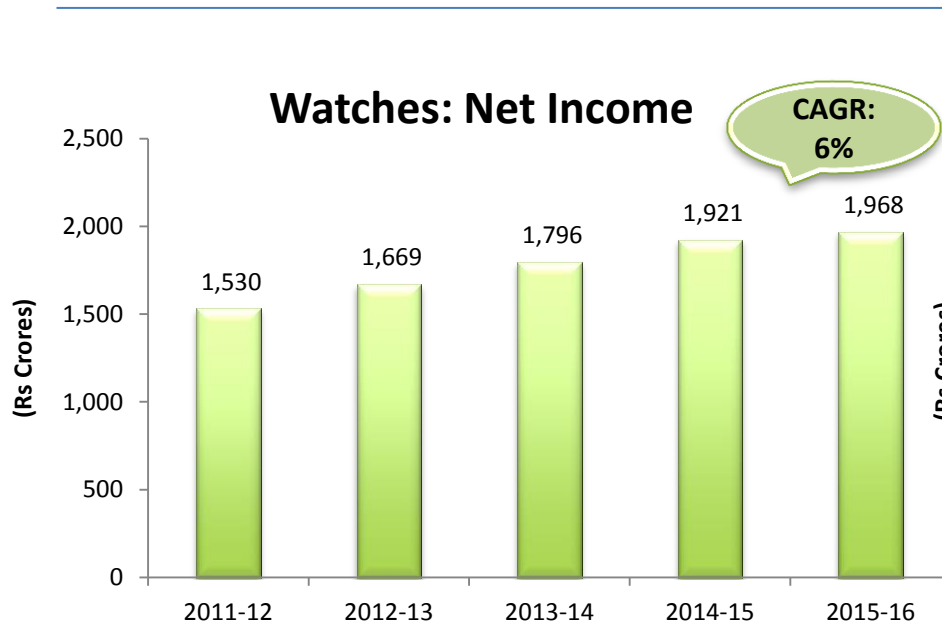
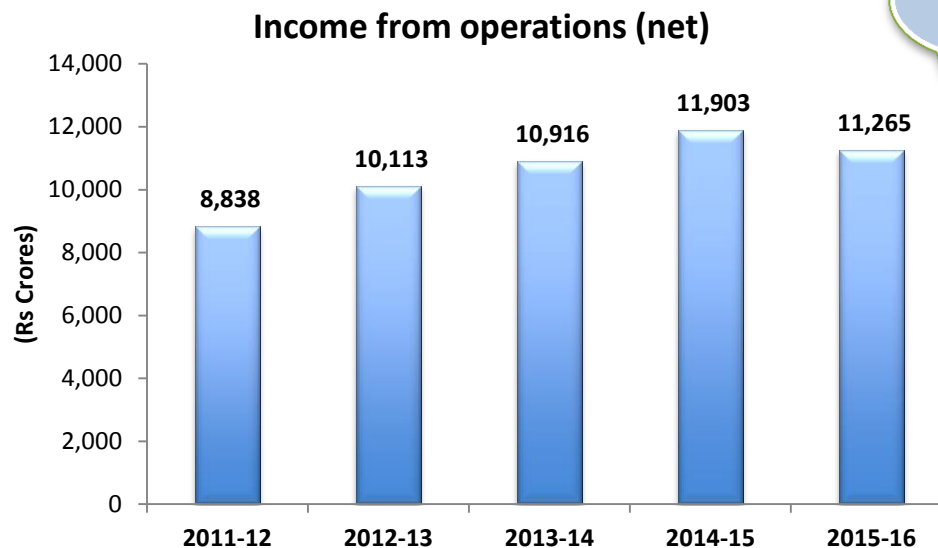


Jewellery: Gold price and Grammage growth





Performance Trends - Annual

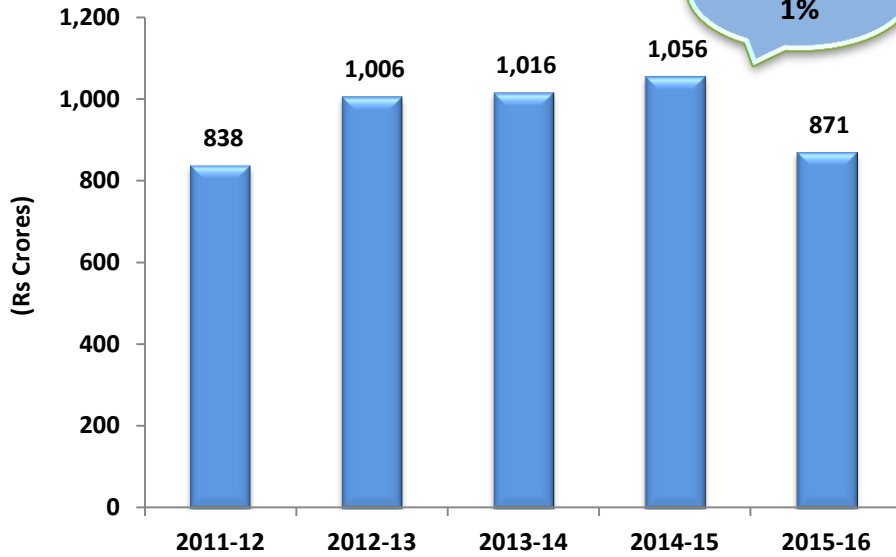




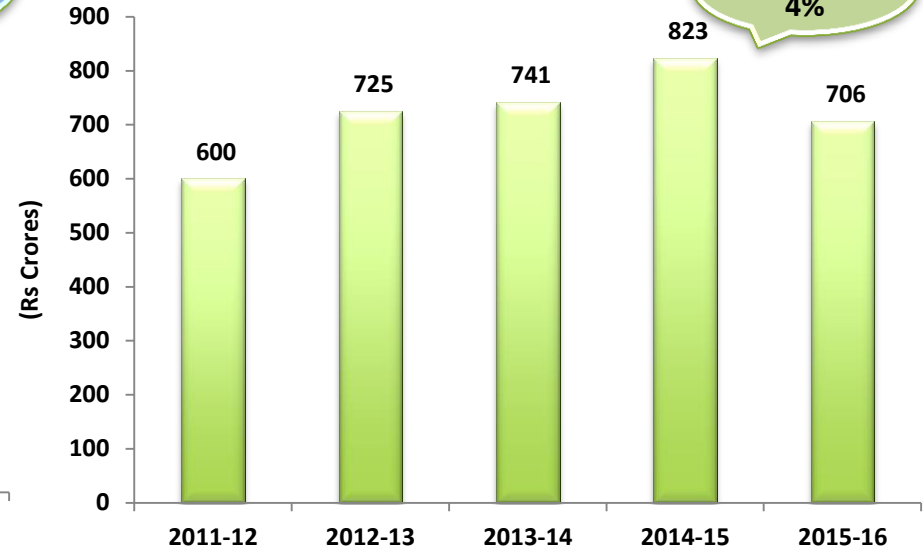
TITAN
CORPORATION

Performance Trends - Annual

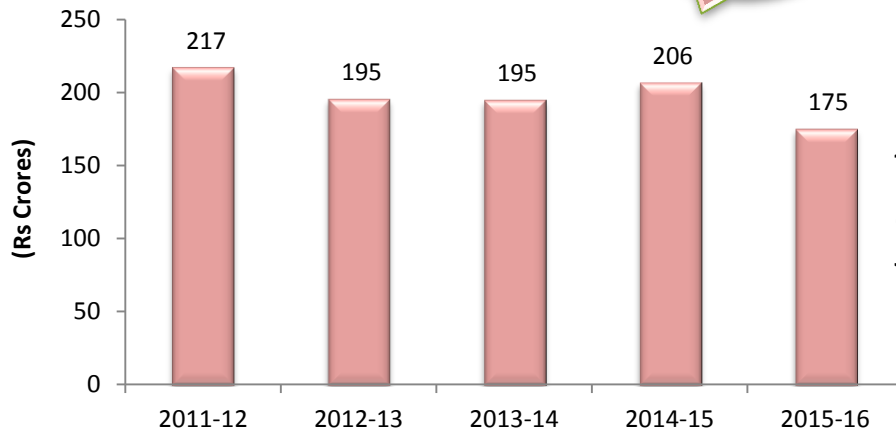
PBT



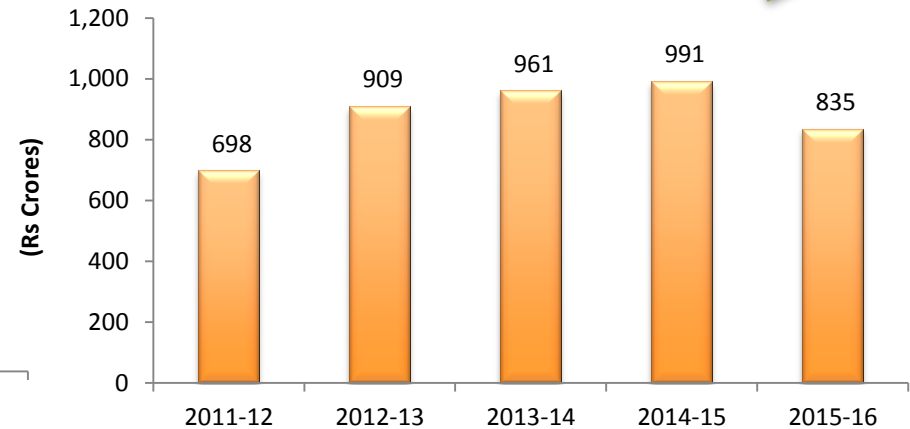
PAT



Watches: PBIT



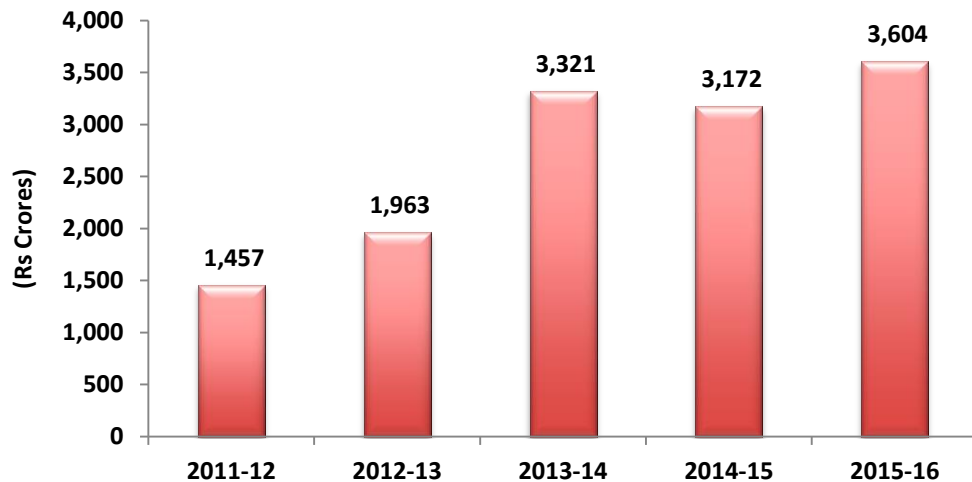
Jewellery: PBIT





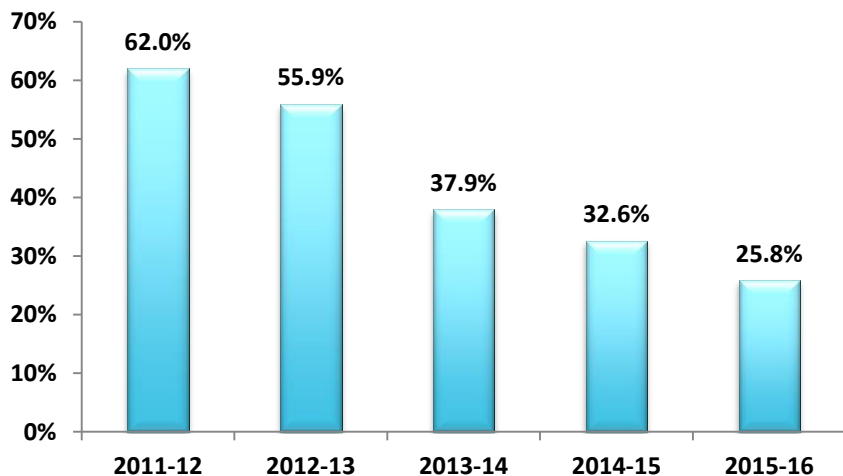
Performance Trends - Annual

Capital Employed

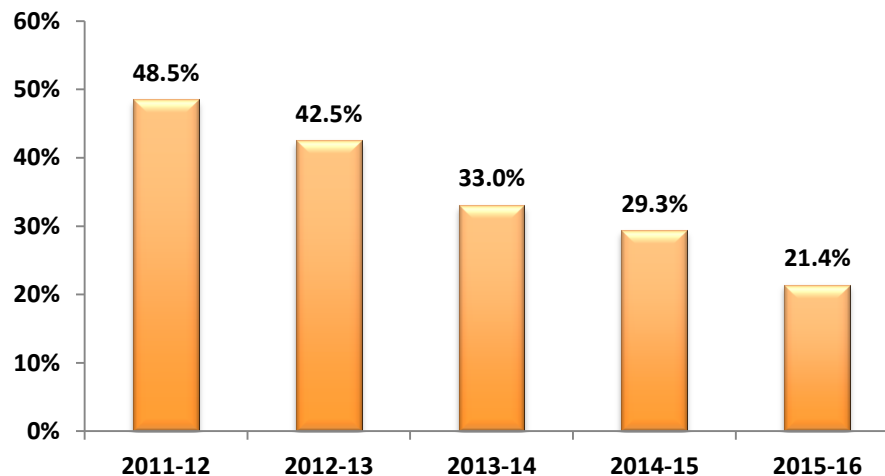


• Disruption in Gold on lease scheme increases Capital Employed sharply

ROCE



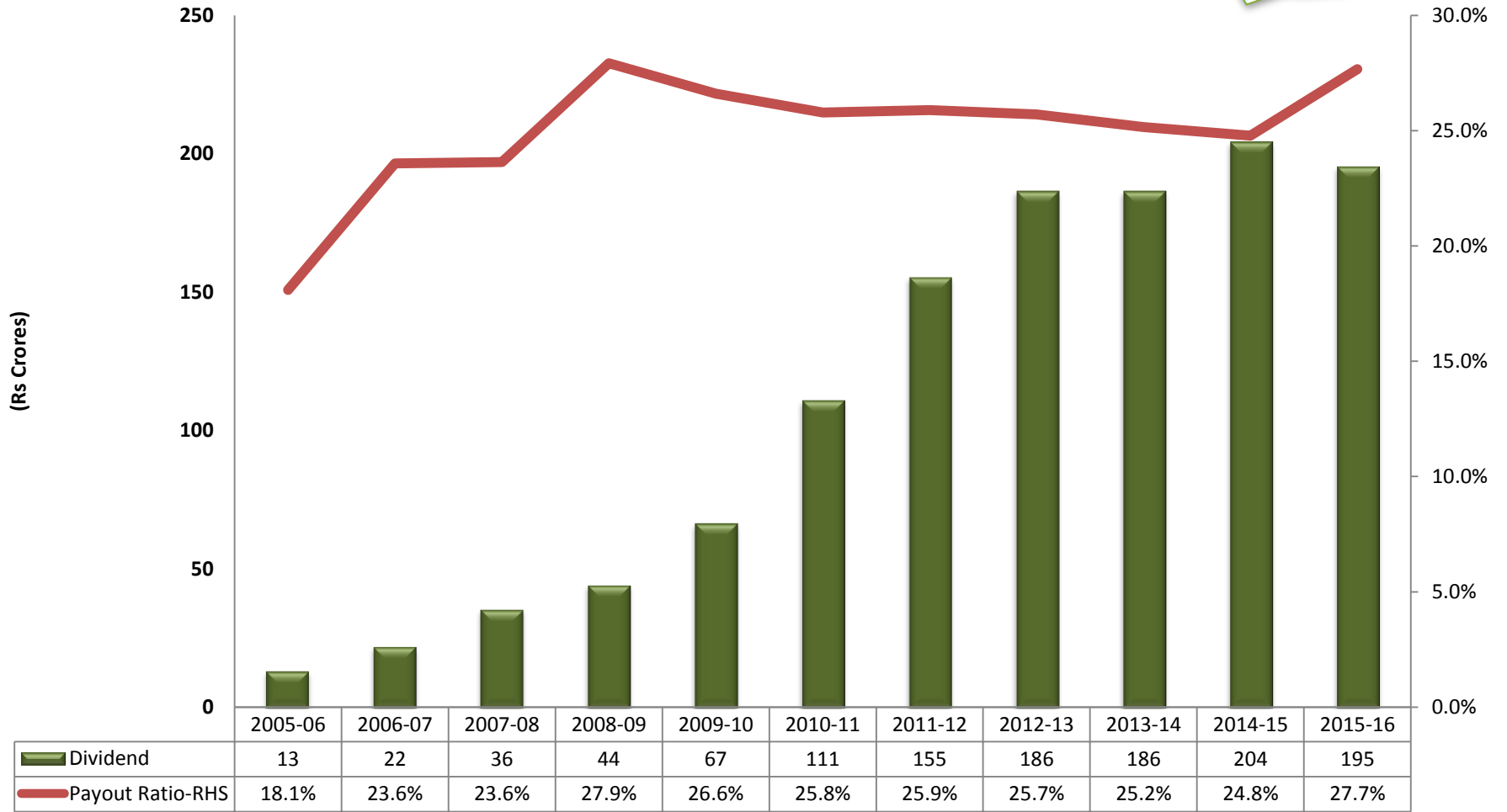
ROE



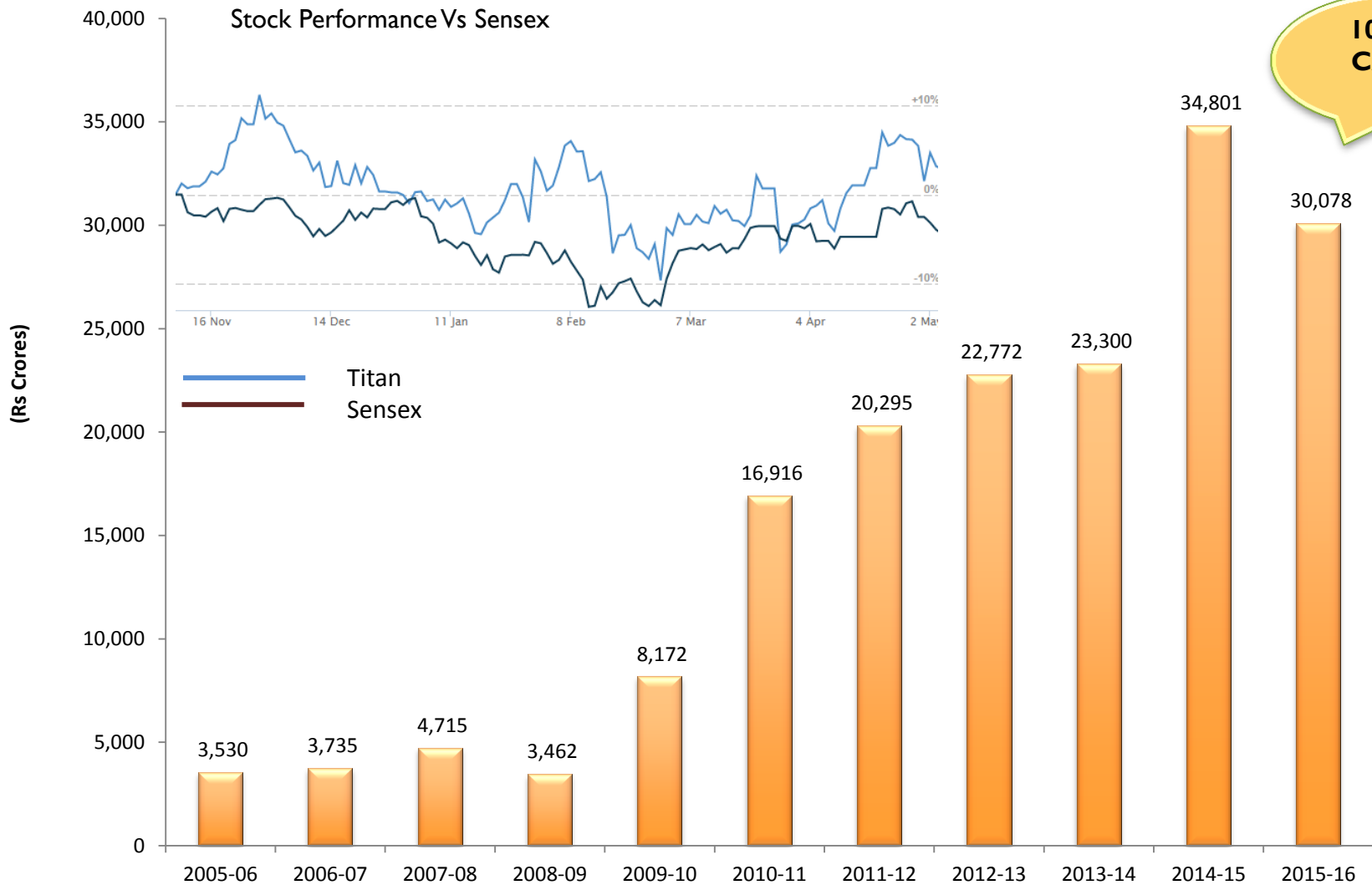
Dividend



**10 year
CAGR: 31%**



Market Capitalisation



**10 year
CAGR:
38%**

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

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



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